

## Matters Concerning Controlling Shareholders

Tokyo Individualized Educational Institute (TIEI) announces the following matters concerning controlling shareholders with respect to its parent company, Benesse Holdings, Inc.

### 1. Names of parent company, controlling shareholders (other than parent company) and other affiliated companies

(As of February 28, 2018)

Name	Attribute	Percentage of voting rights owned (%)	Exchange on which shares issued by the parent company are listed
Benesse Holdings, Inc.	Parent company	61.91	Tokyo Stock Exchange, First Section

Note: Percentage of voting rights owned (%) is rounded down to the nearest two decimal places.

### 2. Position of TIEI (the listed company) in the corporate group of the parent company and relationships with other listed companies and the parent company

**Note: As of February 28, 2018**

Benesse Holdings, Inc. is the parent company of TIEI, and owns 61.91 percent of TIEI voting rights. TIEI is a member of the Benesse Group (the Group), which is centered on Benesse Holdings, Inc., a holding company. The Group is engaged in the following businesses.

#### Domestic Education Company

*Shinken* and *Kodomo Challenge* correspondence courses, school and teacher support business centered on *Shinken Simulated Exams* (mock university entrance exams), cram schools/prep schools, children's English language class business, etc.

#### Overseas Business Company

Correspondence course business focused on preschool children in mainland China and Taiwan, etc.

#### Nursing Care and Childcare Company

Operation of nursing homes for the elderly, home help service business, daycare and afterschool childcare operation business, medical and nursing care staff placement business, food delivery services for seniors business, etc.

#### Language Learning Company

Language education business, ELS business (overseas study support business), global leadership training business, interpreting and translation business, etc.

#### Others

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

TIEI is part of the Domestic Education Company in the Group. Using the Group's brand power in the education industry and other business resources and economies of scale, TIEI works to

increase corporate value as well as added value by further promoting Group cooperation in areas such as marketing and service development.

As of May 24, 2018, out of TIEI's five directors and four Audit & Supervisory Board members, two (one director and one Audit & Supervisory Board member) also serve as directors or Audit & Supervisory Board members of the parent company. The composition of the Board of Directors is determined by considering the balance so that the whole board can carry out appropriate and flexible decision-making and supervision of business execution. The entire Board of Directors strives to foster an atmosphere of respect for open and constructive dialogue and exchange of opinions, including the raising of concerns by independent outside directors.

**Concurrent Positions of Directors and Audit & Supervisory Board Members (As of May 24, 2018)**

Title	Name	Position at Parent Company or Other Group Company	Reason for Appointment
Director	Kenji Yamakawa	Corporate Executive Vice President, President of Area & Classroom Education Business Company, Benesse Holdings, Inc. Director, President of Area & Classroom Education Business Company, Benesse Corporation Non-executive Director, UP Inc. Director, Tokyo Educational Institute Co., Ltd. Director, Minerva Intelligence Co., Ltd. (currently Benesse BE Studio Inc.) President and Representative Director, Ochanomizu Seminar Co., Ltd.	To further deepen Group cooperation based on a wealth of experience and knowledge in the education industry over many years
Audit & Supervisory Board Member	Naoto Saito	Corporate Executive Vice President, Director of Business Performance Management Division, Benesse Holdings, Inc. Director, General Manager of Business Performance Management Division, Benesse Corporation Director, Berlitz Japan, Inc.	To enhance TIEI's auditing system by taking advantage of his broad experience and deep insight in management in the Benesse Group and the field of finance and accounting

The relationship between TIEI and the parent company and its group companies is as described above. It is our understanding that neither of these relationships affects TIEI's own business activities and management decisions. As a listed company, TIEI responsibly manages its business independently from the parent company.

**3. Transactions with controlling shareholders**

(March 1, 2017 to February 28, 2018)

Type	Name of Company	Location	Capital (Thousand yen)	Business	Percentage of Voting Rights Owned by Parent (%)	Relationship with Related Parties	Transactions	Transaction Amount (Thousand yen)	Account Item	Balance at End of Period (Thousand yen)
Parent company	Benesse Holdings, Inc.	Kita-ku, Okayama-shi, Okayama	13,623,814	Holding company	(Held by the company) Directly 61.9	Equity and business tie-ups Concurrent posts of directors	CMS transactions (Note)	300,137	Affiliated company deposits	300,152

Note: These are transactions by a cash management service (CMS), and the transaction amount is the average transaction volume during the period. Interest rates are set in a reasonable manner taking market rates into consideration. The transaction amount does not include consumption tax or other taxes.

TIEI has entered into a capital and business alliance with the parent company and deals with matters that seriously affect its management appropriately in accordance with such agreement.

Regarding transactions with group companies including the parent company, decisions on significant transactions are made after the terms and conditions of the transaction and the validity of the decision-making process are fully deliberated by the Board of Directors, which includes multiple independent outside directors, from the standpoint of ensuring independence from the group.

In addition, for transactions with related parties, TIEI has established criteria for determining whether the related party has a special interest in light of factors including the nature and significance of the transaction. For Board of Directors resolutions, in accordance with these criteria the Board determines in advance whether or not any directors have a special interest. Those who are deemed to have special interests based on the criteria may not participate in the resolution.

#### **4. Implementation of measures for protecting minority shareholders in transactions with controlling shareholders**

TIEI executes its business based on maintaining independent business management and transactions in relationships with group companies including the parent company. Moreover, the terms and conditions of transactions with group companies including the parent company are determined rationally through consultation based on the market, market prices and other information in accordance with appropriate procedures.

#### **5. Other information necessary for investors to properly understand and make appropriate decisions on company information**

None applicable