

New Oriental Education & Technology Group Inc.
Form 6-K
July 21, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of July 2009

Commission File Number: 001-32993

NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

No. 6 Hai Dian Zhong Street

Haidian District

Beijing 100080, People's Republic of China

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

New Oriental Education & Technology Group Inc.

By: /s/ Louis T. Hsieh

Name: Louis T. Hsieh

Title: President and Chief Financial Officer

Date: July 21, 2009

Exhibit Index

Exhibit 99.1 Press Release

3

New Oriental Announces Results for the Fourth Quarter and Fiscal Year

Ended May 31, 2009 and Adoption of Share Repurchase Program

Quarterly Net Revenues Increased by 47.9% Year-Over-Year

Quarterly Non-GAAP Net Income Increased by 58.0% Year-Over-Year

Quarterly GAAP Net Income Increased by 49.8% Year-Over-Year

Fiscal Year Net Revenues Increased by 45.6% Year-Over-Year

Fiscal Year Non-GAAP Net Income Increased by 34.6% Year-Over-Year

Fiscal Year GAAP Net Income Increased by 24.5% Year-Over-Year

BEIJING and HONG KONG, July 21 /PRNewswire-Asia/ New Oriental Education and Technology Group Inc. (the Company or New Oriental) (NYSE: EDU), the largest provider of private educational services in China, today announced its unaudited financial results for the fourth quarter and fiscal year ended May 31, 2009.

Highlights for the Fourth Fiscal Quarter Ended May 31, 2009

Total net revenues increased by 47.9% year-over-year to US\$59.4 million from US\$40.2 million in the same period of the prior fiscal year.

Non-GAAP net income, which excludes share-based compensation expenses, increased by 58.0% year-over-year to US\$7.1 million from US\$4.5 million in the same period of the prior fiscal year. GAAP net income increased by 49.8% year-over-year to US\$2.6 million from US\$1.8 million in the same period of the prior fiscal year.

Non-GAAP income from operations, which excludes share-based compensation expenses, increased by 175.1% year-over-year to US\$7.0 million from US\$2.5 million in the same period of the prior fiscal year. GAAP income from operations increased to US\$2.5 million from a loss of US\$0.2 million in the same period of the prior fiscal year.

Non-GAAP basic and diluted earnings per ADS, which excludes share-based compensation expenses, were US\$0.19 and US\$0.19, respectively. GAAP basic and diluted earnings per ADS were US\$0.07 and US\$0.07, respectively. Each ADS represents four common shares of the Company.

Total student enrollments in language training and test preparation courses increased by 8.2% year-over-year to approximately 330,200 from approximately 305,200 in the same period of the prior fiscal year.

Highlights for the Fiscal Year Ended May 31, 2009

Total net revenues for the fiscal year increased by 45.6% year-over-year to US\$292.6 million from US\$201.0 million.

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Non-GAAP net income for the fiscal year increased by 34.6% year-over-year to US\$77.8 million from US\$57.8 million. GAAP net income increased by 24.5% year-over-year to US\$61.0 million from US\$49.0 million.

Non-GAAP income from operations for the fiscal year increased by 43.6% year-over-year to US\$77.7 million from US\$54.1 million. GAAP income from operations increased by 34.4% year-over-year to US\$60.9 million from US\$45.3 million.

Non-GAAP basic and diluted earnings per ADS for the fiscal year were US\$2.09 and US\$2.03, respectively. GAAP basic and diluted earnings per ADS were US\$1.64 and US\$1.59, respectively. Each ADS represents four common shares of the Company.

Total student enrollments in language training and test preparation courses increased by 19.5% year-over-year to approximately 1,519,500 from approximately 1,271,700 in the prior fiscal year.

The total number of schools and learning centers increased to 270 as of May 31, 2009, up from 207 as of May 31, 2008. One new school was opened in the fourth quarter, bringing the total number of schools to 48 as of May 31, 2009, up from 47 as of February 28, 2009. The number of learning centers increased by 12 in the quarter to 222 as of May 31, 2009, up from 210 as of February 28, 2009.

Financial and Student Enrollments Summary Fourth Quarter and Fiscal Year 2009

(US\$ in thousands, except per ADS data and student enrollments)

| | Q4 of FY2009 | Q4 of FY2008 | Pct. Change |
|---|--------------|--------------|-------------|
| Net revenues | 59,426 | 40,168 | 47.9% |
| Non-GAAP net income (1) | 7,122 | 4,507 | 58.0% |
| GAAP net income | 2,640 | 1,762 | 49.8% |
| Non-GAAP operating income (1) | 6,979 | 2,537 | 175.1% |
| GAAP operating income | 2,497 | (208) | 1300.5% |
| Non-GAAP net income per ADS basic (1) (2) | 0.19 | 0.12 | 58.4% |
| Non-GAAP net income per ADS diluted (1) (2) | 0.19 | 0.12 | 60.5% |
| GAAP net income per ADS basic (2) | 0.07 | 0.05 | 50.2% |
| GAAP net income per ADS diluted (2) | 0.07 | 0.05 | 52.2% |
| Total student enrollments in language training and test preparation courses | 330,200 | 305,200 | 8.2% |

| | FY2009 | FY2008 | Pct. Change |
|---|-----------|-----------|-------------|
| Net revenues | 292,567 | 201,003 | 45.6% |
| Non-GAAP net income (1) | 77,766 | 57,755 | 34.6% |
| GAAP net income | 61,016 | 49,013 | 24.5% |
| Non-GAAP operating income (1) | 77,670 | 54,077 | 43.6% |
| GAAP operating income | 60,920 | 45,335 | 34.4% |
| Non-GAAP net income per ADS basic (1) (2) | 2.09 | 1.54 | 35.5% |
| Non-GAAP net income per ADS diluted (1) (2) | 2.03 | 1.48 | 37.2% |
| GAAP net income per ADS basic (2) | 1.64 | 1.31 | 25.2% |
| GAAP net income per ADS diluted (2) | 1.59 | 1.25 | 26.9% |
| Total student enrollments in language training and test preparation courses | 1,519,500 | 1,271,700 | 19.5% |

(1) New Oriental provides net income, operating income, net income per ADS on a Non-GAAP basis that excludes share-based compensation expenses to reflect meaningful supplemental information regarding its performance and liquidity. For more

information on these Non-GAAP financial measures, please see the table captioned "Reconciliations of Non-GAAP measures to the most comparable GAAP measures" set forth at the end of this release.

(2) Each ADS represents four common shares.

We are pleased to finish our 2009 fiscal year with a strong fourth fiscal quarter, recording revenue growth of 47.9% and even higher non-GAAP operating income growth of 175%, said Michael Yu, New Oriental's chairman and chief executive officer. This brings our net revenue for the 2009 fiscal year to US\$292.6 million, an increase of 45.6% year-over-year, and non-GAAP operating income to US\$77.7 million for the fiscal year, an increase of 43.6% year-over-year. Further, we achieved non-GAAP EPS of US\$2.09 per ADS, up over 35% year-over-year. We attained these financial results notwithstanding the current global economic slowdown, the aftermath of the Sichuan earthquake, the negative impact of the Beijing Olympics on our all-important summer quarter in 2008 and the current challenges posed by the H1N1 flu outbreak. This is a testament to the strength of the New Oriental brand in China and the determination of Chinese families to make the education of their child or children a top priority.

New Oriental's objective is to be the lifelong education partner of Chinese students from age five through adulthood. To accomplish this goal, we strive to provide the best quality language training and test preparation programs to meet the needs of Chinese families, concluded Mr. Yu.

New Oriental's president and chief financial officer, Louis T. Hsieh, stated, "Our strong student enrollment growth in language training and test preparation courses continued in fiscal year 2009 with 1,519,500 enrollments, an increase of 19.5% year-over-year, which allowed us to achieve our target of between 1,475,000 and 1,500,000 student enrollments for fiscal year 2009. We also continued executing our expansion plan in the fourth fiscal quarter by opening one new school in the city of Xuzhou and adding a net of 12 new learning centers in more than 10 existing cities. Including these additions, we added a total of 63 new facilities in fiscal year 2009, consisting of 7 schools and 56 learning centers, which brings our total number of schools and learning centers to 270 at the end of fiscal year 2009.

Mr. Hsieh continued, "We have rolled out *U-Can* all-subjects middle and high school training program in more than 30 cities throughout China with enrollments of more than 13,000 in non-English subject classes in the fourth fiscal quarter, which brings the enrollments in non-English courses for the whole fiscal year 2009 to over 58,000, exceeding the top end of our target of 40,000 to 50,000. We are also pleased to see continued high growth in our POP Kids English program for ages 5 to 12 with over 67,400 enrollments in the fourth fiscal quarter, an increase of 48% year-over-year, bringing our total POP Kids enrollments for fiscal year 2009 to over 307,800, an increase of 50% year-over-year. Although it is early in the quarter, we are pleased to report that this strong momentum in POP Kids English and middle school *U-Can* program enrollments has carried into our current all-important summer quarter, the first quarter of fiscal year 2010.

Recent Developments – Adoption of Share Repurchase Program

On July 20, 2009, New Oriental's board of directors authorized the repurchase of up to US\$30 million of the Company's ADSs during the period from August 5, 2009 through December 31, 2009.

Under this share repurchase program, the ADSs will be purchased from time to time on the open market at prevailing market prices, in negotiated transactions off the market, in block trades, pursuant to a 10b5-1 plan (which allows New Oriental to repurchase its ADSs during periods in which it may be in possession of material non-public information) or otherwise, subject to any restrictions under applicable law. The timing and extent of any purchases will depend upon market conditions, the trading price of ADSs and other factors.

New Oriental expects to implement this share repurchase program in a manner consistent with market conditions and the interests of the shareholders. New Oriental's board of directors will review the share repurchase program periodically, and may authorize adjustment of its terms and size accordingly. New Oriental plans to fund repurchases made under this program from available cash balance.

Financial Results for the Fiscal Quarter Ended May 31, 2009

For the fourth fiscal quarter of 2009, New Oriental reported net revenues of US\$59.4 million, representing a 47.9% increase year-over-year.

Net revenues from educational programs and services for the fourth fiscal quarter were US\$51.3 million, representing a 45.7% increase year-over-year. The growth was mainly driven by the increase in the number of student enrollments in language training and test preparation courses. Total student enrollments in language training and test preparation courses in the fourth quarter of fiscal year 2009 increased by 8.2% year-over-year to approximately 330,200 from approximately 305,200 in the same period of the prior fiscal year.

Non-GAAP operating costs and expenses for the quarter were US\$52.4 million, a 39.4% increase year-over-year. GAAP operating costs and expenses for the quarter were US\$56.9 million, a 41.0% increase year-over-year.

Cost of revenues increased by 45.9% year-over-year to US\$25.8 million, primarily due to the increased number of courses and the greater number of schools and learning centers in operation.

Selling and marketing expenses increased by 36.8% year-over-year to US\$10.3 million, primarily due to selling and marketing department headcount, which includes registration verification personnel, increasing by about 500 over the same period of the prior fiscal year, and increased brand promotion expenses.

Non-GAAP general and administrative expenses were US\$16.6 million, a 30.7% increase year-over-year. GAAP general and administrative expenses for the quarter increased by 37.4% year-over-year to US\$20.9 million, primarily due to increased headcount as the Company expanded its network of schools and learning centers.

Total share-based compensation expenses, which were allocated to related operating costs and expenses, increased by 63.3% to US\$4.5 million in the fourth quarter of fiscal year 2009 from US\$2.7 million in the same period of the prior fiscal year. Approximately US\$746,000 of the increase was due to a year-end adjustment to account for a lower-than-expected forfeiture rate in fiscal year 2009 due to the fact that fewer New Oriental employees who received stock-based compensation awards left the Company and forfeited their unvested awards than anticipated.

Non-GAAP income from operations for the quarter was US\$7.0 million, a 175.1% increase from US\$2.5 million in the same period of the prior fiscal year, and GAAP income from operations for the quarter was US\$2.5 million, compared to a loss of US\$0.2 million in the same period of the prior fiscal year.

Non-GAAP operating margin for the quarter was 11.7%, compared to 6.3% in the same period of the prior fiscal year. GAAP operating margin for the quarter was 4.2%, compared to negative 0.5% in the same period of the prior fiscal year. This rise was primarily due to improved operating efficiency as revenue growth outpaced the growth in operating cost and expenses.

Non-GAAP net income was US\$7.1 million, representing a 58.0% increase from the same period of the prior fiscal year. Basic and diluted earnings per ADS excluding share-based compensation expenses (Non-GAAP) were US\$0.19 and US\$0.19, respectively.

GAAP net income for the quarter was US\$2.6 million, representing a 49.8% increase from the same period of the prior fiscal year. Basic and diluted earnings per ADS were US\$0.07 and US\$0.07, respectively.

Capital expenditures for the quarter were US\$2.9 million, which were primarily used to add one new school and a net of 12 new learning centers in the quarter.

As of May 31, 2009, New Oriental had cash and cash equivalents of US\$254.8 million, as compared to US\$224.0 million as of February 28, 2009. In addition, the Company had US\$59.8 million in term deposits at the end of the quarter. Net operating cash flow for the fourth quarter of fiscal year 2009 was approximately US\$28 million.

The deferred revenue balance, which is cash collected from registered students for courses and recognized proportionally as revenue as the instructions are delivered, at the end of the fourth quarter of fiscal year 2009 was US\$74.8 million, an increase of 26.3% as compared to US\$59.2 million at the end of the fourth quarter of fiscal year 2008.

Financial Results for the Fiscal Year Ended May 31, 2009

For the fiscal year ended May 31, 2009, New Oriental reported net revenues of US\$292.6 million, a 45.6% increase year-over-year.

Net revenues from educational programs and services for the fiscal year ended May 31, 2009 were US\$266.4 million, representing a 44.8% increase year-over-year. The growth was mainly driven by the increase in the number of student enrollments in language training and test preparation courses. Total student enrollments in language training and test preparation courses for the fiscal year ended May 31, 2009 increased by 19.5% year-over-year to approximately 1,519,500 from approximately 1,271,700 in the fiscal year ended May 31, 2008.

Non-GAAP income from operations for the fiscal year ended May 31, 2009 was US\$77.7 million, a 43.6% increase year-over-year. GAAP income from operations for the fiscal year ended May 31, 2009 was US\$60.9 million, a 34.4% increase year-over-year.

Non-GAAP operating margin for the fiscal year ended May 31, 2009 was 26.5%, compared to 26.9% for the fiscal year ended May 31, 2008. GAAP operating margin for the fiscal year ended May 31, 2009 was 20.8%, compared to 22.6% for the fiscal year ended May 31, 2008.

Non-GAAP net income for the fiscal year ended May 31, 2009 was US\$77.8 million, a 34.6% increase year-over-year. Non-GAAP basic and diluted earnings per ADS for the fiscal year ended May 31, 2009 were US\$2.09 and US\$2.03, respectively.

GAAP net income for the fiscal year ended May 31, 2009 was US\$61.0 million, representing a 24.5% increase year-over-year. GAAP basic and diluted earnings per ADS for the fiscal year ended May 31, 2009 were US\$1.64 and US\$1.59, respectively.

Outlook for First Quarter of Fiscal Year 2010

New Oriental expects its total net revenues in the first quarter of fiscal year 2010 (June 1, 2009 to August 31, 2009) to be in the range of US\$146.6 million to US\$152.6 million, representing year-over-year growth in the range of 24% to 29%, respectively. This forecast reflects New Oriental's current and preliminary view, which is subject to change.

Conference Call Information

New Oriental's management will host an earnings conference call at 8 AM on July 21, 2009 U.S. Eastern Time (8 PM on July 21, 2009 Beijing/Hong Kong time).

Dial-in details for the earnings conference call are as follows:

US: +1.617.213.8838

Hong Kong: +852.3002.1672

UK: +44.207.365.8426

Please dial-in 10 minutes before the call is scheduled to begin and provide the passcode to join the call. The passcode is New Oriental earnings call.

A replay of the conference call may be accessed by phone at the following number until July 28, 2009:

International: +1.617.801.6888

Passcode: 74420799

Additionally, a live and archived webcast of the conference call will be available at <http://investor.neworiental.org>.

About New Oriental

New Oriental is the largest provider of private educational services in China based on the number of program offerings, total student enrollments and geographic presence. New Oriental offers a wide range of educational programs, services and products consisting primarily of English and other foreign language training, test preparation courses for major admissions and assessment tests in the United States, the PRC and Commonwealth countries, primary and secondary school education, development and distribution of educational content, software and other technology, and online education. New Oriental's ADSs, each of which represents four common shares, currently trade on the New York Stock Exchange under the symbol EDU.

For more information about New Oriental, please visit <http://english.neworiental.org>.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as will, expects, anticipates, future, intends, plans, believes, estimates and similar statements. Among other things, the outlook for the first quarter of fiscal year 2010 and quotations from management in this announcement, as well as New Oriental's strategic and operational plans, contain forward-looking statements. New Oriental may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about New Oriental's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: our growth strategies; our future business development, results of operations and financial condition; our ability to attract students without a significant decrease in course fees; our ability to continue to hire, train and retain qualified teachers; our ability to maintain and enhance our New Oriental brand; our ability to effectively and efficiently manage the expansion of our school network and successfully execute our growth strategy; the outcome of ongoing, or any future, litigation or arbitration, including those relating to copyright and other intellectual property rights; competition in the private education sector in China; changes in our revenues and certain cost or expense items as a percentage of our revenues; the expected growth of the Chinese private education market; Chinese governmental policies relating to private educational services and providers of such services; and general economic conditions in China. Further information regarding these and other risks is included in our annual report on Form 20-F and other documents filed with the Securities and Exchange Commission. New Oriental does not undertake any obligation to update any forward-looking statement, except as required under applicable law. All information provided in this press release and in the attachments is as of the date of this press release, and New Oriental undertakes no duty to update such information, except as required under applicable law.

About Non-GAAP Financial Measures

To supplement New Oriental's consolidated financial results presented in accordance with GAAP, New Oriental uses the following measures defined as non-GAAP financial measures by the SEC: net income excluding share-based compensation expenses, operating income excluding share-based compensation expenses, operating costs and expenses excluding share-based compensation expenses,

general and administrative expenses excluding share-based compensation expenses, operating margin excluding share-based compensation expenses, and basic and diluted net income per ADS and per share excluding share-based compensation expenses. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. For more information on these non-GAAP financial measures, please see the table captioned "Reconciliations of non-GAAP measures to the most comparable GAAP measures" set forth at the end of this release.

New Oriental believes that these non-GAAP financial measures provide meaningful supplemental information regarding its performance and liquidity by excluding share-based compensation expenses that may not be indicative of its operating performance from a cash perspective. New Oriental believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing its performance and when planning and forecasting future periods. These non-GAAP financial measures also facilitate management's internal comparisons to New Oriental's historical performance and liquidity. New Oriental computes its non-GAAP financial measures using the same consistent method from quarter to quarter. New Oriental believes these non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making. A limitation of using these non-GAAP measures is that they exclude share-based compensation charge that has been and will continue to be for the foreseeable future a significant recurring expense in our business. Management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from each non-GAAP measure. The accompanying tables have more details on the reconciliations between GAAP financial measures that are most directly comparable to non-GAAP financial measures.

NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

| | As of May 31 2009 (Unaudited) USD | As of February 28 2009 (Unaudited) USD |
|---|--|---|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | 254,772 | 223,955 |
| Restricted cash | 540 | 531 |
| Term deposits | 59,845 | 62,549 |
| Accounts receivable, net | 1,539 | 1,375 |
| Inventory | 15,188 | 14,514 |
| Deferred tax assets-Current | 1,621 | 1,141 |
| Prepaid expenses and other current assets | 14,222 | 16,053 |
| Total current assets | 347,727 | 320,118 |
| Property, plant and equipment, net | 109,785 | 109,373 |
| Land use right, net | 3,485 | 3,499 |
| Amounts due from related parties | 396 | 395 |
| Deferred tax assets | 1,077 | 1,833 |
| Long term deposit | 2,021 | |
| Long term prepaid rent | 1,331 | 1,439 |
| Intangible assets | 866 | 909 |
| Goodwill | 2,712 | 2,159 |
| Long term investment | 2 | 2 |
| Total assets | 469,402 | 439,727 |
| LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS EQUITY | | |
| Current liabilities: | | |
| Accounts payable-trade | 9,295 | 9,194 |
| Accrued expenses and other current liabilities | 29,815 | 28,426 |
| Income tax payable | 3,728 | 4,962 |
| Amount due to related parties | 141 | 54 |
| Deferred revenue | 74,782 | 55,423 |
| Total current liabilities | 117,761 | 98,059 |
| Deferred tax liabilities | 157 | |
| Total long-term liabilities | 157 | |
| Total liabilities | 117,918 | 98,059 |
| Minority interest | 238 | |
| Total shareholders equity | 351,246 | 341,668 |
| Total liabilities, minority interest and shareholders equity | 469,402 | 439,727 |

NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands except for per share and per ADS amounts)

| | For the Three Months Ended May 31 | |
|---|--|--------------------|
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | USD | USD |
| Net Revenues: | | |
| Educational Programs and services | 51,337 | 35,226 |
| Books and others | 8,089 | 4,942 |
| Total net revenues | 59,426 | 40,168 |
| Operating costs and expenses (note 1): | | |
| Cost of revenues | 25,771 | 17,669 |
| Selling and marketing | 10,250 | 7,492 |
| General and administrative | 20,908 | 15,215 |
| Total operating costs and expenses | 56,929 | 40,376 |
| Operating income (loss) | 2,497 | (208) |
| Other income, net | 794 | 1,119 |
| Provision for income taxes | (413) | 806 |
| Minority interest, net of taxes | (238) | 45 |
| Net Income | 2,640 | 1,762 |
| Net income per share-basic | 0.02 | 0.01 |
| Net income per share-diluted | 0.02 | 0.01 |
| Net income per ADS-basic (note 2) | 0.07 | 0.05 |
| Net income per ADS-diluted (note 2) | 0.07 | 0.05 |

Notes:

Note 1: Share-based compensation expenses (in thousands) are included in the operating costs and expenses as follows:

| | For the Three Months Ended May 31 | |
|----------------------------|--|--------------------|
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | USD | USD |
| Cost of revenues | 138 | 206 |
| Selling and marketing | 63 | 41 |
| General and administrative | 4,281 | 2,498 |
| Total | 4,482 | 2,745 |

Note 2: Each ADS represents four common shares.

NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

RECONCILIATION OF NON-GAAP MEASURES TO THE MOST COMPARABLE GAAP MEASURES

(In thousands except share and per ADS amounts)

| | For the Three Months Ended May 31 | |
|---|-----------------------------------|----------------------------|
| | 2009 (Unaudited) USD | 2008 (Unaudited) USD |
| General and administrative expenses | 20,908 | 15,215 |
| Share-based compensation expense in general and administrative expenses | 4,281 | 2,498 |
| Non-GAAP general and administrative expenses | 16,627 | 12,717 |
| Total operating costs and expenses | 56,929 | 40,376 |
| Share-based compensation expenses | 4,482 | 2,745 |
| Non-GAAP operating costs and expenses | 52,447 | 37,631 |
| Operating income (loss) | 2,497 | (208) |
| Share-based compensation expenses | 4,482 | 2,745 |
| Non-GAAP operating income | 6,979 | 2,537 |
| Operating margin | 4.2% | -0.5% |
| Non-GAAP operating margin | 11.7% | 6.3% |
| Net income | 2,640 | 1,762 |
| Share-based compensation expense | 4,482 | 2,745 |
| Non-GAAP net income | 7,122 | 4,507 |
| Net income per ADS-basic (note 1) | 0.07 | 0.05 |
| Net income per ADS-diluted (note 1) | 0.07 | 0.05 |
| Non-GAAP net income per ADS-basic (note 1) | 0.19 | 0.12 |
| Non-GAAP net income per ADS-diluted (note 1) | 0.19 | 0.12 |
| Weighted average shares used in calculating basic net income per ADS (note 1) | 149,633,634 | 149,975,585 |
| Weighted average shares used in calculating diluted net income per ADS (note 1) | 153,578,336 | 155,980,034 |

Note 1: Each ADS represents four common shares.

NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands except for per share and per ADS amounts)

| | For the Year Ended May 31 | |
|---|----------------------------------|--------------------|
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | USD | USD |
| Net Revenues: | | |
| Educational Programs and services | 266,389 | 183,917 |
| Books and others | 26,178 | 17,086 |
| Total net revenues | 292,567 | 201,003 |
| Operating costs and expenses (note 1): | | |
| Cost of revenues | 112,011 | 77,219 |
| Selling and marketing | 38,947 | 25,617 |
| General and administrative | 80,689 | 52,832 |
| Total operating costs and expenses | 231,647 | 155,668 |
| Operating income | 60,920 | 45,335 |
| Other income, net | 7,189 | 7,149 |
| Provision for income taxes | (7,256) | (3,644) |
| Minority interest, net of taxes | 163 | 173 |
| Net Income | 61,016 | 49,013 |
| Net income per share-basic | 0.41 | 0.33 |
| Net income per share-diluted | 0.40 | 0.31 |
| Net income per ADS-basic (note 2) | 1.64 | 1.31 |
| Net income per ADS-diluted (note 2) | 1.59 | 1.25 |
| Notes: | | |

Note 1: Share-based compensation expenses (in thousands) are included in the operating costs and expenses as follows:

| | For the Year Ended May 31 | |
|----------------------------|----------------------------------|--------------------|
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | USD | USD |
| Cost of revenues | 316 | 707 |
| Selling and marketing | 225 | 226 |
| General and administrative | 16,209 | 7,809 |
| Total | 16,750 | 8,742 |

Note 2: Each ADS represents four common shares.

NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP INC.

RECONCILIATION OF NON-GAAP MEASURES TO THE MOST COMPARABLE GAAP MEASURES

(In thousands except share and per ADS amounts)

| | For the Year Ended May 31 | |
|---|---------------------------|-------------|
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | USD | USD |
| General and administrative expenses | 80,689 | 52,832 |
| Share-based compensation expense in general and administrative expenses | 16,209 | 7,809 |
| Non-GAAP general and administrative expenses | 64,480 | 45,023 |
| Total operating costs and expenses | 231,647 | 155,668 |
| Share-based compensation expenses | 16,750 | 8,742 |
| Non-GAAP operating costs and expenses | 214,897 | 146,926 |
| Operating income | 60,920 | 45,335 |
| Share-based compensation expenses | 16,750 | 8,742 |
| Non-GAAP operating income | 77,670 | 54,077 |
| Operating margin | 20.8% | 22.6% |
| Non-GAAP operating margin | 26.5% | 26.9% |
| Net income | 61,016 | 49,013 |
| Share-based compensation expense | 16,750 | 8,742 |
| Non-GAAP net income | 77,766 | 57,755 |
| Net income per ADS-basic (note 1) | 1.64 | 1.31 |
| Net income per ADS-diluted (note 1) | 1.59 | 1.25 |
| Non-GAAP net income per ADS-basic (note 1) | 2.09 | 1.54 |
| Non-GAAP net income per ADS-diluted (note 1) | 2.03 | 1.48 |
| Weighted average shares used in calculating basic net income per ADS (note 1) | 149,090,088 | 149,992,200 |
| Weighted average shares used in calculating diluted net income per ADS (note 1) | 153,528,173 | 156,449,101 |

Note 1: Each ADS represents four common shares.

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