

To Shareholders:

Daiji Hayashi
President and Representative Director
INES Corporation
9-2, Ushikubo 3-chome,
Tsuzuki-ku, Yokohama,
Kanagawa Prefecture, Japan

Notice of Convocation of the 46th Ordinary General Meeting of Shareholders

You are hereby invited to the 46th Ordinary General Meeting of Shareholders of INES Corporation (the Company), which will be held as stated below.

If attending in person, please present the enclosed Voting Rights Exercise Form at the meeting reception desk.

If you are unable to attend the meeting in person, you can exercise your voting rights by written notice. Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval of the items on the agenda, after examining reading the "Ordinary General Meeting of Shareholders Reference Documents" attached hereto, and return this document to the Company by Tuesday, June 24, 2008.

Particulars

1. Date and Time: 10 a.m. on June 25, 2008 (Wednesday)

2. Place: INES Corporation Research Institute
4th Floor Hall, INES Corporation, 9-2, Ushikubo 3-chome, Tsuzuki-ku,
Yokohama, Kanagawa Prefecture, Japan

3. Agenda:

Matters to be reported:

First Item: The Report on the Business Report and Consolidated Financial Statements and the Report on the Audit Reports on the Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Directors for the 46th fiscal year (from April 1, 2007, to March 31, 2008)

Second Item: Report on the Financial Statements for the 46th fiscal year
(from April 1, 2007, to March 31, 2008)

Matters to be resolved:

First Item: Appropriation of Retained Earnings

Second Item: Partial Amendments to the Articles of Incorporation

Third Item: Election of Seven (7) Corporate Directors

4. Matters to be Resolved Relating to Convocation

(1) Exercise of Voting Rights by Proxy

In accordance with Article 21 of the Company's Articles of Incorporation, when exercising voting rights by proxy, the proxy is limited to one (1) shareholder of the Company who has voting rights. Moreover, in this case the proxy must present, in addition to the Voting Rights Exercise Form, a mandate form or other documents to prove power of attorney at the reception desk of the Ordinary General Meeting of Shareholders.

(2) Handling of the Voting Rights Exercise Form Submitted by Shareholders

Regarding aforementioned Ordinary General Meeting of Shareholders, if a shareholder presents a Voting Rights Exercise Form on which approval or disapproval of all the items on the agenda has not been indicated or the shareholder has abstained from voting, this will be taken as indication of intent to approve the items on the agenda presented by the Company.

(3) Method of Notification in the Event of Inconsistent Exercise of Voting Rights

In the event that shareholders exercise voting rights inconsistently, the parties must inform the Company in writing at least three days prior to the convening of the Ordinary General Meeting of Shareholders of the cause or reasons for the inconsistency.

In the event that the Ordinary General Meeting of Shareholders Reference Documents, the Business Report, the Consolidated Financial Statements or the Financial Statements need to be revised, the amendments will be publicized by posting on the Company's website (<http://www.ines.co.jp>).

Disclaimer: This is the translation of the original notice of convocation in Japanese. In case of any discrepancy between the translation and the original Japanese, the Japanese version shall prevail.

Ordinary General Meeting of Shareholders Reference Documents

First Item: Appropriation of Retained Earnings

During the fiscal year ended March 31, 2008, INES Corporation posted a net loss of ¥3,877,931,856. In order to clear this deficit and avoid carrying it over into the next fiscal term, we have reduced our capital surplus to cover losses. These funds have been appropriated as retained earnings. Accordingly, it is with deep regret that we inform shareholders that the Company is unable to pay dividends for the year.

- (1) Reduction in retained earnings
Other capital surplus: ¥3,854,999,067
- (2) Increase in retained earnings
Other retained earnings: ¥3,854,999,067

Second Item: Partial Amendments to the Articles of Incorporation

1. Reasons for Amendments

- (1) In accordance with a resolution of a Meeting of the Board of Directors convened on March 27, 2008, the Company resolved to introduce an Executive Officer System to better distinguish the Board of Directors' responsibilities for management decision-making and the supervision of business execution functions from its business execution functions, and to improve management efficiency and bolster corporate governance. Moreover, the tenure of directors will be reduced from two years to one year to ensure that the Company seeks to earn the confidence of shareholders on an annual basis. Accordingly, partial amendments are to be made to the Articles of Incorporation as outlined below.
 - (i) The tenure of directors, determined under current Article 25, shall be amended to one (1) year.
 - (ii) In addition to representative directors and directors, the Board of Directors shall be formed with the Chairman of the Board of Directors as the only Director with Title. The other officers with additional posts, including the president, shall be appointed as executive officers. Accordingly, "President and Director," "Vice President and Director," "Senior Managing Director," and "Managing Director" shall be removed from the list of Directors with Titles stipulated in Article 26-2.
 - (iii) In accordance with the aforementioned changes, the convening person and chairman of the Ordinary General Meeting of Shareholders and Meetings of the Board of Directors shall be amended from "the President and Director" to "a Representative Director" in Article 17, Article 27 and otherwise as required.
- (2) Share certificates will be made electronic from 2009, so to enhance convenience for shareholders we shall employ a system for additional purchase of fractional shares. Therefore, a new provision, Article 12, is to be added to the Articles of Incorporation. Further, the numbering of existing Article 12 and thereafter has been adjusted accordingly.

2. Details of the Amendments

The details of the amendments are as follows

(Amended portions are underlined)

Current Articles	Proposed Amendments
<p>Article 1 to Article 11 } (Provision omitted)</p> <p>(New provision)</p> <p>Article 12 to Article 16 } (Provision omitted)</p> <p>(Convening Person and Chairman) Article <u>17</u>. An Ordinary General Meeting of Shareholders may be convened and shall be chaired by <u>the President and Director</u>.</p> <p>2. In the event of <u>an accident to the President and Director</u>, an Ordinary General Meeting of Shareholders may be convened and shall be chaired by another director, as provided in advance by procedures stipulated by the Board of Directors.</p> <p>Article 18 to Article 24 } (Provision omitted)</p> <p>(Term of Office) Article <u>25</u>. The term of office of directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within <u>two (2) years</u> after their assumption of office. 2. The term of office of Directors elected to increase the number of Directors or as a substitute director shall be until the term of office of the other currently serving directors expires.</p>	<p>Article 1 to Article 11 } (No changes)</p> <p>(Additional Purchase of Fractional Shares) <u>Article 12</u>. <u>Shareholders owning fractional shares may request that the Company sell them the additional number of fractional shares required to constitute one unit of stock, as provided in the Company's Share Handling Regulations</u></p> <p>Article 13 to Article 17 } (No changes)</p> <p>(Convening Person and Chairman) Article <u>18</u>. An Ordinary General Meeting of Shareholders may be convened and shall be chaired by a <u>Representative Director</u>. <u>However, in the event that there are more than one representative directors, an Ordinary General Meeting of Shareholders may be convened and shall be chaired by a representative director, the order of precedence being prescribed in advance by the Board of Directors.</u> 2. In the event of an accident to <u>the Representative Director of the previous paragraph or other unavoidable circumstances</u>, an Ordinary General Meeting of Shareholders may be convened and shall be chaired by another director, as provided in advance by procedures stipulated by the Board of Directors.</p> <p>Article 19 to Article 25 } (No changes to corresponding provisions)</p> <p>(Term of Office) Article <u>26</u>. The term of office of directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within <u>one (1) year</u> after their assumption of office. 2. The term of office of Directors elected to increase the number of Directors or as a substitute director shall be until the term of office of the other currently serving directors expires.</p>

(Representative directors and directors with titles)

Article 26. Representative directors shall be selected by resolution of the Board of Directors.

2. Through the provision of such resolutions, the Board of Directors may appoint one Chairman and Director, one President and Director, and a number of vice president and directors, senior managing directors, and managing directors.

(Convening Person and Chairman of Meetings of the Board of Directors)

Article 27. A Meeting of the Board of Directors may be convened and shall be chaired by the President and Director, except when otherwise legally stipulated.

2. In the event of an accident to the President and Director, a Meeting of the Board of Directors may be convened and shall be chaired by another director, as provided in advance by procedures stipulated by the Board of Directors.

Article 28 }
to } (Provision omitted)
Article 50 }

(Additional clauses) (Provision omitted)

(Representative directors and directors with titles)

Article 27. Representative directors shall be selected by resolution of the Board of Directors.

2. Through the provision of such resolutions, the Board of Directors may appoint one Chairman and Director.

(Convening Person and Chairman of Meetings of the Board of Directors)

Article 28. A Meeting of the Board of Directors may be convened and shall be chaired by the Representative Director, except when otherwise legally stipulated. However, in the event that there are more than one representative directors, a Meeting of the Board of Directors may be convened and shall be chaired by a representative director, the order of precedence being prescribed in advance by the Board of Directors.

2. In the event of an accident to the Representative Director of the previous paragraph or other unavoidable circumstances, a Meeting of the Board of Directors may be convened and shall be chaired by another director, as provided in advance by procedures stipulated by the Board of Directors.

Article 29 }
to } (No changes to
Article 51 } corresponding provisions)

(Additional clauses) (No changes to corresponding provisions)

Third Item: Election of Seven (7) Corporate Directors

The term of office of all 12 Directors of the Company expires at the conclusion of this Ordinary General Meeting of Shareholders. We propose the election of seven (7) directors.

The candidates for the position of director are as follows:

Name (Date of Birth)		Brief Personal History and Representative Positions in Other Companies	Number of Shares of the Company Owned
1	Yasuhiko Igarashi (June 13, 1946)	<p>Apr. 1970 Joined Yoshizawa Business Machines K.K.</p> <p>Apr. 1971 Joined Hitachi, Ltd.</p> <p>Jan. 2000 Manager, Information Systems Operations Department, at Hitachi</p> <p>Aug. 2001 General Manager, Public Systems Sales Control Department, at Hitachi</p> <p>Apr. 2003 Joined Hitachi Software Engineering Co., Ltd. General Manager, Sales Department</p> <p>Jun. 2003 Vice President and Executive Officer, General Manager, Sales Department, at Hitachi Software Engineering</p> <p>Apr. 2005 Vice President and Executive Officer at Hitachi Software Engineering (Current position)</p> <p>Apr. 2008 Corporate adviser of the Company (Current position)</p>	20,000
2	Masataka Koyama (July 19, 1949)	<p>Apr. 1972 Joined the Company</p> <p>Apr. 1997 President, Fukuoka Branch</p> <p>Mar. 2000 General Manager of the Management Planning Office</p> <p>Jul. 2001 General Manager, Life Insurance Systems Division</p> <p>Jun. 2003 Director and General Manager, Life Insurance Systems Division</p> <p>Jun. 2005 Managing Director (Current position) and General Manager, Life Insurance Systems Division</p>	10,800
3	Yoshihiro Hayashi (July 25, 1949)	<p>Apr. 1972 Joined Hitachi, Ltd.</p> <p>Apr. 2001 Nationwide Public Systems General Manger, Public Systems Operations Department, at Hitachi</p> <p>Apr. 2003 Joined Hitachi Software Engineering Co., Ltd. Assistant General Manager, Public Social Systems Operations Department, at Hitachi Software Engineering</p> <p>Apr. 2006 Assistant General Manager, Public Social Systems Operations Department, concurrently General Manager, First Public Systems Department, at Hitachi Software Engineering</p> <p>Apr. 2007 Joined the Company General Manager, Regional Office Division (Current position)</p> <p>Jun. 2007 Managing Director (Current position)</p>	3,100

4	Takeshi Nozawa (July 29, 1947)	<p>Apr. 1970 Joined Yoshizawa Business Machines K.K.</p> <p>Apr. 1971 Joined Hitachi, Ltd.</p> <p>Aug. 1996 General Manager, Second Municipal Sales Department, Public Information Division, at Hitachi</p> <p>Apr. 2003 Joined Hitachi Government & Public Corporation System Engineering, Ltd. (Hitachi GP) General Manager, Electronic Municipal Operations Promotion Department, at Hitachi GP</p> <p>Apr. 2004 Director and General Manager, Second Operations Department, at Hitachi GP</p> <p>Apr. 2007 Director and General Manager, Sales Control Department, at Hitachi GP</p> <p>May 2007 Corporate Adviser at Hitachi GP</p> <p>Jun.2007 Director and General Manager, Sales & Marketing Division (Current position), concurrently General Manager, Public Sales & Marketing Division, at the Company</p>	3,600
5	Shoji Hanazato (March 2, 1950)	<p>Nov. 1970 Joined the Company</p> <p>Apr. 1992 President, Tohoku Branch</p> <p>Mar. 1999 Fourth Systems Division Manager, Application Development Division</p> <p>Aug. 2001 Manager for Development, Life Insurance Systems Division</p> <p>Apr. 2003 Assistant General Manager, Life Insurance Systems Division</p> <p>Jun. 2003 General Manager, Banking Institution Systems Division</p> <p>Jun. 2005 Director and General Manager, Banking Institution Systems Division</p> <p>Jun. 2007 Managing Director (Current position)</p>	11,120
6	Kenzo Tagami (March 28, 1950)	<p>Apr. 1974 Joined Nichiro Gyogyou Kaisha, Ltd. (Currently Maruha Nichiro Foods, Inc.)</p> <p>Nov. 1990 Joined the Hokkaido Takushoku Bank, Ltd.</p> <p>Mar. 1998 Joined the Company</p> <p>Apr. 1999 Manager, General Affairs Division</p> <p>Jul. 2001 General Affairs Manager, General Affairs Division</p> <p>Apr. 2004 General Manager, Corporate Strategy & Finance Division</p> <p>Jun. 2005 Director and General Manager, Corporate Strategy & Finance Division (Current position)</p>	4,300

7	Hiromi Kuwahara (August 23, 1945)	Apr. 1968	Joined Hitachi, Ltd.	—
		Apr. 2001	CSO, IT Group Headquarters, at Hitachi	
		Jun. 2003	Senior Managing Director at Hitachi	
		Apr. 2004	Executive Vice President and Executive Officer at Hitachi Software Engineering Co., Ltd.	
		Jun. 2004	Executive Vice President and Executive Officer (Current position), concurrently Director, at Hitachi Software Engineering	
		Jun. 2007	Director of the Company (Current position)	

Notes:

1. Yasuhiko Igarashi, candidate for director, plans to step down as an executive officer of Hitachi Software Engineering Co., Ltd. as of June 24, 2008.
2. Hiromi Kuwahara, candidate for director, is a candidate for outside director as stipulated under Article 2-15 of Japan's Companies Act.
3. The Company's reasons for selection of Hiromi Kuwahara as a candidate for outside director and confidence in his abilities to fulfill his duties as an outside director are based on his long years engaged in business management and the experience and expertise gained as a management specialist. We believe that these skills equip Mr. Kuwahara to perform management supervisory and checking functions for the Company.
4. Regarding responsibilities as defined under Article 423-1 of Japan's Companies Act, Hiromi Kuwahara and the Company have signed a liability limitation agreement that restricts the degree of responsibility to be borne by Mr. Kuwahara under Article 427-1 of this act, provided his duties are executed with good intent and without gross negligence. We will proceed with this agreement if Mr. Kuwahara's appointment is approved.

Consolidated Balance Sheets
(As of March 31, 2008)

(¥ millions)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current Assets:	29,751	Current Liabilities:	5,885
Cash and time deposits	10,490	Trade accounts payable	1,988
Notes and accounts receivable	11,684	Short-term bank loans	111
Marketable securities	85	Accrued expenses	1,293
Inventories	1,192	Income taxes payable	190
Prepaid expenses	349	Consumption tax payable	337
Deferred tax assets	948	Advances received	274
Funds deposited	5,000	Accrued bonus to employees	1,064
Others	27	Accrued bonus to directors	4
Allowance for doubtful accounts	(26)	Others	619
Fixed Assets:	30,199	Non-Current Liabilities:	8,238
Tangible Fixed Assets:	21,635	Reserve for retirement benefits for employees	7,725
Buildings and structures	9,446	Reserve for retirement benefits for directors	308
Tools, furniture and fixture	1,087	Others	204
Land	11,101	Total Liabilities	14,124
Intangible Fixed Assets:	1,686	NET ASSETS	
Software	1,639	Shareholders' Equity:	45,693
Others	47	Capital stock	31,457
Investments and Other Assets:	6,876	Capital surplus	23,143
Investments in securities	813	Retained earnings	(2,868)
Long-term prepaid expenses	910	Treasury stock	(6,039)
Deferred tax assets	3,338	Valuation, Translation Adjustment and Others	24
Long-term bank deposits	700	Valuation differences on other securities	24
Others	1,162	Stock Acquisition Rights	27
Allowance for doubtful accounts	(49)	Minority Interests	81
		Total Net Assets	45,826
Total Assets	59,950	Total Liabilities and Net Assets	59,950

Consolidated Statements of Operations
(For the Year Ended March 31, 2008)

(¥ millions)

Item	Amount	
Revenue		40,894
Cost of services		35,243
Gross Profit		5,651
Selling, general and administrative expenses		4,131
Operating Income		1,519
Non-Operating Income:		158
Interest income	51	
Dividend income on stock	13	
Rent income	38	
Dividend income on insurance	17	
Equity in earnings of affiliates	17	
Others	20	
Non-Operating Expenses:		80
Interest expenses	5	
Rent expenses	57	
Others	18	
Ordinary Income		1,597
Extraordinary Gains:		150
Gain on sales of investments in security	121	
Others	29	
Extraordinary Losses:		2,617
Loss on disposal of fixed assets	41	
Loss on sales of investments in security	16	
Loss on write-down of investments in securities	95	
Loss on disposal of software	144	
Loss on write-down of software	2,277	
Others	40	
Loss before Income Taxes and Minority Interests		869
Income, Residential and Corporate Taxes		238
Adjustment of Corporate Taxes		2,501
Minority Interests		10
Net Loss		3,619

Consolidated Statements of Changes in shareholders' Equity
(For the Year Ended March 31, 2008)

(¥ millions)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at March 31, 2007	31,457	24,951	1,086	(6,803)	50,692
Changes During Year					
Cash Dividends from Retained Earnings			(335)		(335)
Net Loss			(3,619)		(3,619)
Purchase of Treasury Stock				(1,044)	(1,044)
Retirement of Treasury Stock (Note)		(1,808)		1,808	-
Net Changes in Items Other than Shareholders' Equity					
Total Changes During Year	-	(1,808)	(3,955)	764	(4,999)
Balance at March 31, 2008	31,457	23,143	(2,868)	(6,039)	45,693

	Valuation, Translation Adjustment and Others		Stock Acquisition Rights	Minority Interests	Total Net Assets
	Valuation Differences on Other Securities	Total Translation, Valuation Adjustment and Others			
Balance at March 31, 2007	66	66	10	71	50,841
Changes During Year					
Cash Dividends from Retained Earnings					(335)
Net Loss					(3,619)
Purchase of Treasury Stock					(1,044)
Retirement of Treasury Stock (Note)					-
Net Changes in Items Other than Shareholders' Equity	(42)	(42)	16	10	(15)
Total Changes During Year	(42)	(42)	16	10	(5,014)
Balance at March 31, 2008	24	24	27	81	45,826

Note: This was resolved at the Board of Director's Meeting.

Non-Consolidated Balance Sheets

(As of March 31, 2008)

(¥ millions)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current Assets:	27,053	Current Liabilities:	5,016
Cash and time deposits	9,062	Trade accounts payable	1,766
Notes receivable	27	Accrued payable	285
Marketable securities	85	Accrued expenses	1,168
Accounts receivable	10,535	Income taxes payable	83
Products in process	1,064	Consumption tax payable	293
Inventory goods	73	Advances received	274
Prepaid expenses	319	Deposits received	195
Deferred tax assets	858	Accrued bonus to employees	910
Funds deposited	5,000	Others	39
Others	51	Non-Current Liabilities:	7,652
Allowance for doubtful accounts	(25)	Reserve for retirement benefits for employees	7,280
		Reserve for retirement benefits for directors	167
Fixed Assets:	30,373	Others	204
Tangible Fixed Assets:	20,276	Total Liabilities	12,668
Buildings	8,794	NET ASSETS	
Structures	61	Shareholders' Equity:	44,706
Tools, furniture and fixture	983	Capital stock	31,457
Land	10,436	Capital surplus	23,143
Intangible Fixed Assets:	1,640	Capital surplus	7,864
Telephone rights	22	Others	15,278
Usage right of leased facility for telephone and telegraph	9	Retained earnings	(3,854)
Software	1,606	Other retained earnings	(3,854)
Others	2	Retained earnings carried forward	(3,854)
Investments and Other Assets:	8,456	Treasury stock	(6,039)
Investments in securities	668	Valuation, Translation	23
Shares in subsidiaries	1,506	Adjustment and Others	
Long-term loans	24	Valuation differences on other securities	23
Long-term prepaid expenses	910	Stock Acquisition Rights	27
Guarantee deposited	1,102		
Deferred tax assets	3,104	Total Net Assets	44,757
Long-term bank deposits	500	Total Liabilities and Net Assets	57,426
Others	689		
Allowance for doubtful accounts	(49)		
Total Assets	57,426		

Non-Consolidated Statements of Operations
(For the Year Ended March 31, 2008)

(¥ millions)

Item	Amount	
Revenue		36,088
Cost of services		31,580
Gross Profit		4,508
Selling, general and administrative expenses		3,460
Operating Income		1,047
Non-Operating Income:		311
Interest income	45	
Dividend income on securities	2	
Dividend income on stock	80	
Rent income	151	
Dividend income on insurance	17	
Others	13	
Non-Operating Expenses:		165
Rent expenses	146	
Others	18	
Ordinary Income		1,193
Extraordinary Gains:		127
Gain on sales of investments in security	121	
Others	6	
Extraordinary Losses:		2,617
Loss on disposal of fixed assets	41	
Loss on sales of investments in security	16	
Loss on write-down of investments in securities	95	
Loss on disposal of software	144	
Loss on write-down of software	2,277	
Others	40	
Loss before Income Taxes		1,296
Income, Residential and Corporate Taxes		31
Adjustment of Corporate Taxes		2,550
Net Loss		3,877

Consolidated Statements of Changes in shareholders' Equity
(For the Year Ended March 31, 2008)

(¥ millions)

	Shareholders' Equity					
	Capital Stock	Capital Surplus			Retained Earnings	
		Capital Surplus	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings
				Retained Earnings Carried Forward		
Balance at March 31, 2007	31,457	7,864	17,086	24,951	358	358
Changes During Year						
Cash Dividends from Retained Earnings					(335)	(335)
Net Loss					(3,877)	(3,877)
Purchase of Treasury Stock						
Retirement of Treasury Stock (Note)			(1,808)	(1,808)		
Net Changes in Items Other than Shareholders' Equity						
Total Changes During Year	-	-	(1,808)	(1,808)	(4,213)	(4,213)
Balance at March 31, 2008	31,457	7,864	15,278	23,143	(3,854)	(3,854)

	Shareholders' Equity		Valuation, Translation Adjustment and Others		Stock Acquisition Rights	Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Valuation Differences on Other Securities	Total Translation, Valuation Adjustment and Others		
Balance at March 31, 2007	(6,803)	49,964	64	64	10	50,039
Changes During Year						
Cash Dividends from Retained Earnings		(335)				(335)
Net Loss		(3,877)				(3,877)
Purchase of Treasury Stock	(1,044)	(1,044)				(1,044)
Retirement of Treasury Stock (Note)	1,808	-				-
Net Changes in Items Other than Shareholders' Equity			(40)	(40)	16	(23)
Total Changes During Year	764	(5,257)	(40)	(40)	16	(5,281)
Balance at March 31, 2008	(6,039)	44,706	23	23	27	44,757

Note: This was resolved at the Board of Director's Meeting.