

To Shareholders:

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

Notice of Convocation of the 50th Ordinary General Meeting of Shareholders

I would like to thank all of you for your continued support of our company.

You are hereby invited to the 50th 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 either of the two methods stated below. Please review the Reference Documents for the General Meeting of Shareholders provided and exercise your voting rights by dates stated below.

[Exercising voting rights by mail]

Please indicate your approval or disapproval of each of the proposals on the enclosed voting rights exercise form and return it by mail so that it arrives by Thursday, June 21, 2012.

[Exercising voting rights via the Internet]

Please access the website (<http://www.evote.jp/>) designated by the Company for the purpose of exercising voting rights, log in using the "voting rights exercise code" and "password" provided in the voting rights exercise form enclosed herein and enter your approval or disapproval of the proposals following the instructions displayed on the screen by 5:20 p.m. on Thursday, June 21, 2012.

When exercising your voting rights via the Internet, please review the "Procedures for exercising your voting rights via the Internet" on page 26 of this Notice of Convocation.

Particulars

- 1. Date and Time:** 10:00 a.m. on June 22, 2012 (Friday)
- 2. Place:** INES Corporation
4th Floor Hall, Head Office of INES Corporation
9-2, Ushikubo 3-chome, Tsuzuki-ku,
Yokohama-city, Kanagawa Prefecture, Japan

3. Agenda:

Matters to be Reported:

- Item 1:** The Report on the Business Report, Consolidated Financial Statements and the Audit Results on the Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors for the 50th fiscal year (from April 1, 2011, to March 31, 2012)

Item 2: The Report on the Non-Consolidated Financial Statements for the 50th fiscal year (from April 1, 2011, to March 31, 2012)

Matters to be Resolved:

Item 1: Appropriation of Retained Earnings

Item 2: Election of Eight (8) Corporate Directors

Item 3: Election of One (1) Substitute Corporate Auditor

Item 4: Renewal of Basic Policy Regarding Countermeasures for Large-Scale Purchases of Company Stock (Takeover Defense Measures)

4. Matters Determined Relating to Convocation

(1) Exercise of Voting Rights by Proxy

In accordance with Article 20 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 the 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, 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 and the Non-Consolidated 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

Item 1: Appropriation of Retained Earnings

Based on comprehensive consideration of various factors, including its performance in the year under review, appropriation of profit, and future business strategies, the Company plans to declare a year-end dividend as follows.

For the year, we plan to pay total annual dividends of ¥16.00 per share, up ¥2.00 from the previous fiscal year. This includes an interim dividend of ¥8.00 per share, paid on December 5, 2011.

Year-end dividend matters

- (1) Type of dividend
Cash dividend
- (2) Financial assets to be distributed as dividends and total dividend amount
¥8.00 per share of common stock
¥325,950,720 total dividend payment
- (3) Effective date of appropriation of retained earnings as cash dividends
June 25, 2012

Item 2: Election of Eight (8) Corporate Directors

The term of office for all eight (8) directors of the Company expires at the conclusion of this Ordinary General Meeting of Shareholders. We propose the election of eight (8) directors.

The candidates for the position of director are as follows:

Nominee Number	Name (Date of Birth)	Brief Personal History and Important Concurrent Role	Company Shares Owned
1	Yasuhiko Igarashi (June 13, 1946)	<p>Apr. 1971 Joined Hitachi, Ltd.</p> <p>Jan. 2000 Manager, Social Information Systems Operations Department, Hitachi, Ltd.</p> <p>Apr. 2003 Joined Hitachi Software Engineering Co., Ltd. (now Hitachi Solutions, Ltd.); General Manager, Sales Department, Hitachi Software Engineering Co., Ltd.</p> <p>Jun. 2003 Vice President and Executive Officer, General Manager, Sales Department, Hitachi Software Engineering Co., Ltd.</p> <p>Apr. 2005 Senior Vice President and Executive Officer, Hitachi Software Engineering Co., Ltd.</p> <p>Jun. 2008 President and Representative Director (Current position)</p> <p>Jun. 2011 Chairman of Board of Directors (Current position)</p>	37,400
2	Yoshihiro Hayashi (July 25, 1949)	<p>Apr. 1972 Joined Hitachi, Ltd.</p> <p>Apr. 2001 General Manager, Nationwide Public Systems, Public Systems Operations Department, Hitachi, Ltd.</p> <p>Apr. 2003 Joined Hitachi Software Engineering Co., Ltd. (now Hitachi Solutions, Ltd.); Assistant General Manager, Public Social Systems Operations Department, Hitachi Software Engineering Co., Ltd.</p> <p>Apr. 2007 Joined the Company</p> <p>Jun. 2007 Managing Director</p> <p>Jun. 2008 Director and Managing Executive Officer</p> <p>Jun. 2011 President and Representative Director (Current position)</p>	14,700

3	Hiroshi Hogaki (November 24,1952)	<p>Apr. 1977 Joined Tokyo Bank Ltd. (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Jan. 2006 Manager, International Business Information Systems Division, Tokyo Bank, Ltd.</p> <p>Nov. 2006 Joined the Company</p> <p>Jun. 2007 Director, General Manager, Banking Institution System Division</p> <p>Jun. 2009 Director and Executive Officer; Group Executive, Finance Systems Group</p> <p>Oct. 2009 Director and Managing Executive Officer (Current position)</p>	7,900
		[Administration] Sales Administration Division, Finance Systems Group, Global Business Development Division, Technology Division, Procurement Department	
4	Mitsuhiro Nakamura (October 9, 1951)	<p>Apr. 1976 Joined The Daiichi Mutual Fire and Marine Insurance Company</p> <p>Apr. 1999 General Manager, Information Systems Division, The Daiichi Mutual Fire and Marine Insurance Company</p> <p>Apr. 2001 Joined the Company</p> <p>Jun. 2007 General Manager, Non-Life Insurance Institution Systems Division</p> <p>Oct. 2008 Executive Officer and General Manager, Public Service Systems Group</p> <p>Jun. 2010 Director, Executive Officer and General Manager, Public Service Systems Group</p> <p>Oct. 2010 Director, Managing Executive Officer (Current position)</p>	6,600
		[Administration] Industrial Systems Group, Public Service Systems Group, Regional Office Division, Quality Assurance Department	
5	Takato Senba (December 5, 1954)	<p>Apr.1978 Joined Hitachi, Ltd.</p> <p>Dec.2002 Manager, Finance & Accounting Division, Information·Communication Group and Accounting Section, Service·New Business Department, Hitachi, Ltd.</p> <p>Jun.2007 Manager, Finance & Accounting Department, ALAXALA Networks Corporation</p> <p>Jun.2009 Joined the Company; General Manager, Finance & Accounting Division</p> <p>Oct.2009 Executive Officer and General Manager, Finance & Accounting Division</p> <p>Apr.2011 Managing Executive Officer and General Manager, Finance & Accounting Division</p> <p>Jun. 2011 Director, Managing Executive Officer, and General Manager, Finance & Accounting Division (Current position)</p>	5,100
		[Administration] Finance & Accounting Division, Corporate Administration Division, Human Resource Division, Internal Audit Office	
6	Hisashi Miyashiro (January 29, 1956)	<p>Apr. 1978 Joined Tokyo Bank Ltd. (now The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</p> <p>Jun. 2005 Manager, Operations Department, Tokyo Bank Ltd.'s European subsidiary</p> <p>May 2010 Temporary transferred to the Company</p> <p>Oct. 2010 Executive Officer and Group Executive, Finance Systems Group</p> <p>Jun. 2011 Director, Executive Officer and Group Executive, Finance Systems Group (Current position)</p>	1,200

7	Tateshiro Sasaki (September 13, 1956)	Apr. 1982 Joined the Company Jun. 2005 General Manager, Operation Administration Service Division Apr. 2010 Executive Officer and General Manager, Operation Controls Group May 2011 Director, ISS Co., Ltd. (Current position) Jun. 2011 Director, Executive Officer and General Manager, Operation Controls Group Apr. 2012 Director, Executive Officer and General Manager, Operation Service Group (Current position)	5,200
8	(New appointee) Kanji Kurihara (September 24, 1955)	Apr. 1978 Joined Hitachi, Ltd. Apr. 2003 General Manager, Public Social Systems Operations Department, Information and Communication Group Jul. 2006 Deputy Department Director, Public Social Systems Operations Department, Hitachi Software Engineering Co., Ltd. (now Hitachi Solutions, Ltd.) Apr. 2008 Corporate Officer Apr. 2010 Executive Officer (Current position)	—

Notes:

1. None of the above appointees have special vested interests with the Company.
2. Kanji Kurihara is a candidate for outside director.
3. Reason for choosing Kanji Kurihara as a candidate for outside director: Mr. Kurihara has spent many years in corporate management, especially public service, and amassed a vast amount of experience and knowledge throughout his career history. With this in mind, the Company concluded that Mr. Sato can be relied upon to supervise and conduct checks on the Company's management.
4. If the election of Kanji Kurihara is approved, the Company plans to sign an agreement with him to limit the liability for his actions provided for in Article 423-1 of the Corporate Law, assuming Mr. Kurihara performs his duties with good intentions and without serious mistakes, to the amount provided for in Article 427-1 of the Corporate Law.

Item 3: Election of One (1) Substitute Corporate Auditor

To ensure that the number of corporate auditors does not fall below the number stipulated in laws and regulations, we propose the election of one (1) substitute corporate auditor. Approval for this proposal has been obtained in advance from the Board of Corporate Auditors. The candidate for the position of auditor is as follows:

Name (Date of Birth)	Brief Personal History and Important Concurrent Role	Company Shares Owned
Hidetaka Nishina (March 25, 1979)	Oct. 2000 Passed National Bar Examination Oct. 2002 Admitted to the Bar. Registered with Daini Tokyo Bar Association. Joined Anderson & Mori law firm (now Anderson Mori & Tomotsune law firm) Feb. 2010 Joined Nakamura, Tsunoda & Matsumoto law firm Jan. 2011 Partner, Nakamura, Tsunoda & Matsumoto law firm (Current position)	—

Notes:

1. Hidetaka Nishina, the candidate for an outside auditor, has no special vested interests with the Company.
2. Hidetaka Nishina is a candidate for an outside auditor.
3. Reason for choosing Hidetaka Nishina as a candidate for outside auditor and deciding that he could execute his assignment appropriately as an outside auditor: Mr. Nishina has spent

many years handling corporate law-related tasks as a lawyer and amassed a vast amount of experience and knowledge throughout his career history. With this in mind, the Company concluded that Mr. Nishina can be relied upon to audit the Company's financial statements.

4. If Hidetaka Nishina takes a post as a corporate auditor, the Company plans to sign an agreement with him to limit the liability for his actions provided for in Article 423-1 of the Corporate Law, assuming Mr. Nishina performs his duties with good intentions and without serious mistakes, to the amount provided for in Article 427-1 of the Corporate Law.

Item 4: Renewal of Basic Policy Regarding Countermeasures to Large-Scale Purchases of Company Stock (Takeover Defense Measures)

Proposal to renew based on Article 18 of the Company's Articles of Incorporation the content of the Basic Policy Regarding Countermeasures to Large-Scale Purchases of Company Stock (Takeover Defense Measures) (hereinafter, the "Former Basic Policy") for the purpose of securing and improving the Company's corporate value and the common interests of shareholders (hereinafter "Corporate Value and the Common Interests of Shareholders") was approved at the 47th Ordinary General Meeting of Shareholders, convened on June 24, 2009, and at a meeting of the Company's Board of Directors held on the same day, specific countermeasures based on the Former Basic Policy were introduced. However, the effective period of each expires at the close of this Ordinary General Meeting of Shareholders.

For that reason, the Company again requests approval at this Ordinary General Meeting of Shareholders of the proposal to decide on the content of the Basic Policy Regarding Countermeasures to Large-Scale Purchases of Company Stock (hereinafter, the "Basic Policy"), which is based on Article 18 of the Company's Articles of Incorporation, as an initiative to prevent inappropriate persons from controlling the Company's decisions on financial matters and business policies (Item 3 (b), Article 118, of the Companies Act Enforcement Regulations) for the purpose of securing and improving the Company Corporate Value and the Common Interests of Shareholders with the proposed content indicated in item 3. below. Following the renewal of this Basic Policy, the Company has shortened the longest period available for examination by the Independent Committee from 60 to 30 days, and has also made amendments to some other formal stipulations.

1. Basic Policy regarding Persons Who Control the Company's Decisions on Financial Matters and Business Policies

The Company's core strategy is to be an integrated provider of solution services, ranging from the design and development of information systems to the operation and maintenance of these systems after they have gone on line. We endeavor to secure and improve Corporate Value and the Common Interests of Shareholders by pursuing and realizing characteristics and strengths that are unique to the Company.

Japan's capital markets, meanwhile, against the backdrop of new developments in the legal system and changes in corporate structures and cultures, elicit actions that could culminate in a sudden and forced large-scale purchase of a company's shares without a process for sufficient consultation with an agreement by the management team of the target company.

The Company remains aware that a large-scale purchase of the Company's shares could contribute to the Company's corporate value and the common interests of its shareholders, and does not negate this possibility out of hand. We believe that a decision to accept or reject a proposed large-scale share purchase that would result in a change of rights to control a stock company ultimately should be based on the overall intent of all shareholders.

However, in the event of a large-scale purchase of shares which purpose is an unambiguous infringement on Corporate Value and the Common Interests of Shareholders and that effectively compels shareholders to sell their shares, the Board of Directors of the target company would be unable to contribute to Corporate Value and the Common Interests of Shareholders absent sufficient time and information to make an alternative proposal and negotiate with the acquirer for more advantageous conditions than the acquirer has offered the target company.

In particular, the Company provides information systems that constitute the core infrastructure for public services that support societal activity through its work with regional government bodies and financial institutions. Consequently, we must build long-term, trust-based relationships and business relations with our clients and have in place the development and engineering, personnel, facilities, control, security and financial structures to provide stable services over the long term, and in this manner the Company moves forward to secure and improve Corporate Value and the Common Interests of Shareholders. Absent sufficient understanding of these circumstances and the will to secure and improve these activities over the long term, an acquirer of the Company's shares could damage the Company's Corporate Value and the Common Interests of Shareholders.

The source of the characteristics and strengths that underlie the Company's corporate value is various Company software such as WebRings, a Web-based integrated software system to assist government entities, and various software assets comprising packages and tools that are packaged as solution software for specific industries and types of business. The accumulated expertise and experience involved is an intangible asset.

Accordingly, in the event of an acquisition proposal by an outside acquirer, it would be no simple task for shareholders to appropriately value the Company's intangible management assets and the source of these managerial assets based on management plans to realize future impacts, and other components of the Company's corporate value, as well as the effects of an acquisition on the Company's Corporate Value and the Common Interests of Shareholders, appropriately and within a short period of time.

Taking such circumstances into consideration, absent an existing threat, the Company believes it essential to set in place a system to deter a large-scale purchase that would harm the Company's corporate value and the common interest of shareholders, and secure the necessary information and time to allow shareholders to decide whether to respond positively or negatively to a large-scale purchase and enable the Company's Board of Directors to present an alternative proposal and to negotiate with an acquirer on behalf of the shareholders.

2. Special Initiatives to Contribute to the Realization of the Basic Policy

(1) Initiatives to Enhance Corporate Value

Information and communication technology is increasingly growing in importance as a vital part of the social infrastructure. With our motto of "Creativity, Love, and Self-integration", the Company Group is making a steady effort to achieve its mission: to play an active role in the computerization of our country, thus contributing to the development of the society.

Our Company Group strives to maintain an organization enabling continuous growth and high profits, to satisfy shareholders, clients, employees, and all the other stakeholders related to our company, and to build towards the 50th anniversary of establishment coming in July, 2014, the foundations for growth for the following half a century. In order to achieve the above goals, we will address the following tasks.

1) Measures to increase orders and sales

We will focus our efforts on the still growing IT service market, and use our one-stop service covering everything from IT consulting to operation and maintenance as a weapon to increase the number of customers and offer new products for the existing clientele, aiming at an increase in both the orders received and the proceeds.

2) Conversion to a business with high added value

We will reorganize the operation business, one of the strongest assets of our Company, making improvements in quality and reducing costs to increase its competitive power further, at the same time increasing the added value offered by our data center services. We will also concentrate on the development and sales of new solutions and packages to make the business into one with high added value.

3) Technological enhancements

We will strive to acquire the leading-edge technologies meeting the requirements of the market, and by accumulating and utilizing organically the technologies and the know-how in the fields the Group specializes in, enhance the overall technical capabilities.

4) Business expansion through cooperation with entities both within the Group and

outside it

While strengthening the cooperation within our Group even more, we will strive to expand our business utilizing the technical know-how of our strategic partners. We will also examine possibilities of mergers and acquisitions, when such steps may result in a synergistic effect.

5) Enhancements in quality

Fully recognizing that it is none other than the quality of our products and services that serves as the foundation of the Group's competitive edge, we will continually address the task of quality improvements centering on the Quality Assurance Center.

Moreover, we will implement a range of across-the-board activities raising quality consciousness among the employees further.

6) Vitalization of organization and personnel

Striving to maintain working environment that is as hard on negligence as it is easy on the people, we will vitalize communication among the staff and bring vigor to the organizational framework. We will also make an effort to rear efficient staff with ample abilities in the areas of technology, project management, management, internationalization, etc, ensuring they can fully support the sustained growth and bring high profits for the company.

7) Strengthening of management system, and promotion of CSR activities

In order to strengthen the management system, we will further develop the staff training system aiming at maintenance and enhancement of awareness of the employees regarding the issues of compliance, further reinforce the internal control system, and ensure yet more steadfast security of data and protection of personal information. Also, to ensure that our Group fulfils its responsibility towards the society, we will contribute to the development of the society by engaging in activities of environmental preservation and social action programs.

We strongly feel that these measures will lead to further enhancement of the Group's Corporate Value and the Common Interests of Shareholders.

(2) Initiatives to Enhance Corporate Governance

The Company has established the following basic policies on corporate governance to achieve sustained increases in corporate value and contributions to the common interests of shareholders.

1) In addition to protecting the rights and interests of, and guaranteeing equality of all stakeholders, we seek to build smooth relationships with all shareholders and other stakeholders, to maintain sound Company operations.

2) We will promote the transparency of corporate activities by targeting the appropriate and timely disclosure of information about the Company's financial position, performance and ownership, as well as important items including corporate governance.

3) We will strengthen the management supervisory functions of the Board of Directors and the Board of Corporate Auditors, in order to ensure accountability to shareholders.

To clarify the management team's responsibility to shareholders, the tenure of directors has been reduced to one year, and one of the eight existing directors is an outside director. Also, two of the three existing auditors are outside auditors. Based on this executive organization and in accordance with the above-stated basic policy on corporate governance, regular Board of Directors meetings are held each month. These meetings are attended by all directors, including the outside director, as well as all auditors, including outside auditors. The outside director and auditors take an active part in the discussions, and express their opinions.

The Board of Directors appoints executive officers to execute the business of the Company. A management meeting comprising executive officers is convened regularly each month to discuss important matters related to the execution of business, to deliberate and consider in a practical matter the Company's management plans, organizational structure, financial condition and business conditions, and to contribute to quick management decision-making. Auditors also

attend the management meeting to ensure sufficient supervision of business execution.

An Internal Audit Office, which the president instructs directly, is in place at the Company to ensure the appropriateness of operations. An appropriate environment is provided in which the Company's accounting auditor can appropriately conduct accounting audits throughout the fiscal year and without ending at fiscal year-end. The auditors liaise sufficiently with the Internal Audit Office and the accounting auditor, and to ensure the appropriate auditing of business execution, the Board of Auditors meets on a regular monthly basis to hear the status of business execution directly from the departments that execute that business.

To ensure that directors execute their duties in accordance with laws, regulations and the Articles of Incorporation, and to ensure that the Company's operations are appropriate, at a meeting on May 25, 2006, the Board of Directors resolved the Basic Policy on the Creation of a Structure for Internal Control Systems. This basic policy is in accordance with the structure prescribed by the Companies Act, and covers all matters considered necessary from the standpoint of internal control. This policy is verified at the end of each business year and revised as necessary to reinforce corporate governance.

3. Initiatives to Prevent Persons Deemed Inappropriate According to the Basic Policy from Controlling the Company's Decisions on Financial Matters and Business Policies

(1) Overview of the Basic Policy

For the purpose of securing and improving Corporate Value and the Common Interests of Shareholders, the Company's Board of Directors has resolved specific countermeasures (hereinafter, the "Plan") separately as provided in the Outline of the Plan in section (2) below. The content of the plan includes, through timely disclosure to financial instruments exchange, disclosure of the Company's business report and other legally stipulated disclosure documents and publication on the Company's website, advance warning of procedures that are to be followed by acquirers of the Company's shares and discriminatory conditions for exercising and conditions for acquiring allotments of share options without contribution, through the Countermeasures to Large-Scale Purchases of Company Stock (measures to prevent takeover in times when there is no existing threat).

(2) Outline of the Plan

(a) Overview of the Plan

In accordance with the procedures for implementing acquisition provided in section (c) below, the Company shall secure from the acquiring party or the party making a proposal (hereinafter, the "Acquirer") as provided in section (b) below, and information and time to consider the acquisition. Furthermore, in the event of any of the events described below in section (e) (i), the Company shall not accept said Acquirer's right to exercise under the conditions for exercise (discriminatory conditions for exercise) and the Company shall acquire, as provided share options with the content provided below (hereinafter, "Share Options") as described in sections (e) and (v) below, from parties other than said Acquirer in exchange for transfer of the Company's shares.

(b) Applicable Acquisitions

Acquisitions subject to the plan shall be those purchases that are indicated in or similar to items i. and ii. below.

- i. An acquisition that would result in the holding ratio of share certificates, etc. (Note 3) of a holder (Note 2) amounting to 20% or more of the share certificates, etc., issued by the Company (Note 1).
- ii. A tender offer (Note 5) that would result in the owning ratio of share certificates, etc., (Note 6) and the owning ratio of share certificates, etc., of a person having a special relationship (Note 7) with the acquirer totaling at least 20% of the share certificates, etc., issued by the Company (Note 4).

(c) Procedures an Acquirer Is Required to Take

In order for the Acquirer to conduct an acquisition, unless accepted

separately by the Company's Board of Directors, prior to implementing said acquisition the acquirer shall submit to the Company details about the Acquirer, the purpose of the acquisition, its method and content, basis for calculating the price of the acquisition, funding behind the acquisition, policies for managing the Group following the acquisition, and other necessary information to be provided specifically by the Company's Board of Directors upon the renewal of the Plan (hereinafter, "Required Information"), as well as a manual containing procedures describing procedures in accordance those provided for in the Plan (hereinafter, "Acquisition Manual").

Upon receipt of the above-stated Acquisition Manual, the Company's Board of Directors shall promptly submit the manual to the Independent Committee (for details, refer to (f) below, hereinafter the same). In the event that the Independent Committee judges said Acquisition Manual to be insufficient in consideration of the above-stated Required Information, the acquirer shall, in accordance with the request of the Independent Committee, provide additional information within the response period provided by the Independent Committee.

From the standpoint of securing and improving the Company's corporate value and the common interests of the shareholders, the Independent Committee shall set an appropriate response period (however, in principle a period not to exceed 60 days) to provide the necessary time to compare and consider the content of the Acquisition Manual and the Required Information against management plans by the Company's Board of Directors, for the Company's Board of Directors to make their own evaluation of corporate value and to provide an alternative proposal to shareholders. In addition, this period shall secure time for the Company's Board of Directors to gather information and appraise Company value (including consideration by outside specialists, as needed) in order to make an alternative proposal to the shareholders. The acquirer may also be required to provide opinions and evidentiary material on the content of the acquisition, and to provide information and materials for alternative proposals and other information that the Independent Committee considers necessary.

(d) Consideration of the Terms of the Acquisition, Negotiation with the Acquirer and Presentation of Alternative Plans

In the event that the Independent Committee accepts as sufficient the information provided as mentioned above in section (c), the Independent Committee shall establish a maximum consideration period of 60 days (hereinafter, "Consideration Period"). (However, in the event that this period is insufficient to make a recommendation as described below in sections (e),(i) and (ii), the Consideration Period may be extended, as necessary, for a period of up to 30 days.)

During the Consideration Period, the Independent Committee shall evaluate and consider acquisition the Acquirer, from the standpoint of securing and improving Corporate Value and the Common Interests of Shareholders, based on the information and materials submitted by the Acquirer and the Company's Board of Directors.

If necessary, to improve the content of the acquisition the Independent Committee may consult or negotiate with said Acquirer either directly or indirectly through the Company's Board of Directors. The Independent Committee may also present to shareholders alternative proposals by the Company's Board of Directors. In addition, during the Independent Committee's Consideration Period the Acquirer may, either individually or through the Company's Board of Directors, provide materials and other information for consideration and request consultation or negotiation. In such a case, the Independent Committee must respond promptly.

The Independent Committee may, at the Company's expense, request counsel from independent third-party specialists (financial advisors, attorneys, certified public accountants, etc.).

(e) Conducting the Allotment of Share Options without Contribution

- (i) Positive Recommendation by the Independent Committee
The Independent Committee shall make a recommendation to the Company's Board of Directors in favor of introducing the allotment of share options without contribution if it judges applicable any of the items provided below.
- (A) In the event that the Acquirer does not provide the information provided for in section (c) above or does not comply with procedures for securing the Consideration Period or other procedures of in the Plan.
- (B) If the implementation of an allotment of share options without contribution is considered appropriate upon evaluation and consideration of the information and materials provided by the Acquirer and the Company's Board of Directors, in which either of sections 1) or 6) mentioned below apply to an acquisition by the Acquirer.
- 1) An acquisition that involves actions that include or resemble those stated below, making the acquisition an unambiguous infringement of the Company's Corporate Value and the Common Interests of Shareholders
 - a) The action of purchasing share certificates, etc., and demanding that the Company pay a large amount in return for its purchase of those share certificates, etc.
 - b) Actions that involve temporary control of the Company's management, acquiring important company assets at a low price and other management actions that involve sacrifices to the Company in the interest of the Acquirer
 - c) Activities that involve collateral to debts of the Acquirer or its group companies, etc., or the reimbursement of underlying assets
 - d) Taking temporary control of the management of the Company and disposing at a high price of assets that have not been related to the Company's operations for some period of time and through this disposal of this interest setting a temporarily high dividend, causing the price of the Company's shares to make a sudden and temporary rise, and taking advantage of this rise to sell its shares at a high price
 - 2) A forced, two-stage acquisition (defined as the process of acquiring shares from all shareholders without inducement initially, and at the second stage setting purchase conditions that are unfavorable to shareholders or making an unclear share acquisition such as through a tender offer) or other acquisition that effectively compels shareholders to sell share certificates, etc.
 - 3) An acquisition that does not rationally provide the Company with sufficient time to present an alternative proposal
 - 4) An acquisition that does not rationally provide the Company's shareholders with sufficient required information and other information content to enable the shareholders to make a rational decision
 - 5) An acquisition with conditions (amount and type of consideration, period for the acquisition, legality of the acquisition, probability of the acquisition being conducted, philosophy of post-acquisition treatment of the Company's employees, business partners, customers and other entities having special-interest relationships with the Company) that take into insufficient consideration the intrinsic value of the Company
 - 6) An acquisition that, because the content of its post-acquisition management policies or operating plans are insufficient or inappropriate, could cause significant damage to the Company's

source of corporate value, e.g. the ongoing, trust-based relationships between the Company and its customers, transactional relationships, or its ability to provide stable, long-term services.

However, if after the Independent Committee makes the said recommendation the Acquirer rescinds the acquisition or if the acquisition is revoked for some other reason, or if assumptions behind the decision for the above-stated recommendation change because of an effective change in relationship, even if it happens after the recommendation on the allotment of share options without contribution has been made, in the event that the Independent Committee decides that acquisitions by an Acquirer described in sections (A) and (B) above do not apply, the Independent Committee may recommend that the Company's Board of Directors either stop the allotment of share options without contribution or make a separate decision that includes the post-allotment acquisition of share options without contribution.

Even if it determines that the conditions mentioned above in either (A) or (B) apply, if the Independent Committee judges that a resolution by the General Meeting of Shareholders to determine enactment allotment of share options without contribution is appropriate, the Independent Committee may recommend to the Company's Board of Directors the convocation of a General Meeting of Shareholders and the creation of a supplementary proposal to the implementation of an allotment of share options without contribution.

(ii) Negative Recommendation by the Independent Committee

The Independent Committee shall make a recommendation to the Company's Board of Directors against the allotment of share options without contribution if the Independent Committee determines that either of the conditions stated above in (i) (A) and (B) do not apply.

However, even if such a recommendation to stop the allotment of share options without contribution has been made, if an effective change in relationship alters the assumptions behind such recommendation, and if the Independent Committee determines that decides that acquisitions by an Acquirer described in sections (i) (A) and (B) above do apply, the Independent Committee may make a separate decision that includes a recommendation to the Company's Board of Directors to introduce the allotment of share options without contribution.

(iii) Disclosure of Information to Shareholders

If the Independent Committee determines that any of the items mentioned above are appropriate, either the Company's Board of Directors or the Independent Committee shall disclose such information to investors promptly after the facts emerge.

- 1) The fact that an acquirer has emerged
- 2) The fact that an Acquirer has submitted an Acquisition Manual and an overview of its content
- 3) The fact that Required Information has been provided and an overview of its content
- 4) The fact that the Consideration Period has begun
- 5) The fact that a resolution has been passed to extend the Consideration Period and an overview of the reasons
- 6) The fact of a recommendation by the Independent Committee and an overview of its content (if making a separate recommendation after the initial recommendation because of an effective change in relationship, an overview of the content of that reality)

(iv) Compliance by the Company's Board of Directors with the Independent Committee's Recommendation

The Company's Board of Directors shall comply, as fully as possible, with the recommendation of the Independent Committee, as described in (i)

and (ii) above, and as prescribed in the Companies Act promptly resolve to implement or not to implement an allotment of share options without contribution.

However, in event that the Independent Committee recommends calling a General Meeting of Shareholders and making a supplementary resolution related to the allotment of share options without contribution, unless it is practically problematic to convene a General Meeting of Shareholders, the Board of Directors shall convene a General Meeting of Shareholders as quickly as is practically possible. To this end, the Board of Directors shall promptly call a General Meeting of Shareholders and provide a supplementary proposal related to conducting an allotment of share options without contribution.

At said General Meeting of Shareholders, if a resolution is passed in favor of conducting an allotment of share options without contribution, in accordance with this decision by the General Meeting of Shareholders the Company's Board of Directors shall commence with the necessary procedures for conducting an allotment of share options without contribution. (In the event that a resolution is passed by the Board of Directors authorizing the decision by the General Meeting of Shareholders for the allotment of share options without contribution, the Board of Directors shall resolve to conduct an allotment of share options without contribution). However, if at said General Meeting of Shareholders, if a resolution is passed in opposition to conducting an allotment of share options without contribution, the Company's Board of Directors shall pass a resolution not to conduct an allotment of share options without contribution.

The Acquirer may not conduct an acquisition in the interval during which the Company's Board of Directors resolves either to conduct or not to conduct an allotment of share options without contribution, or if the above-mentioned General Meeting of Shareholders is convened the interval during which the proposal on the allotment of share options without contribution is accepted or rejected.

If the Company's Board of Directors resolves to conduct or not to conduct an allotment of share options without contribution, if a resolution is passed to convene a General Meeting of Shareholders as indicated above, the General Meeting of Shareholders resolves to conduct or not to conduct an allotment of share options without contribution, the Company's Board of Directors shall promptly disclose an overview of said resolution and matters that the Company's Board of Directors considers appropriate.

(v) Summary of the Allotment of Share Options without Contribution

A summary of the allotment of share options without contribution is as follows.

1) Number of Share options

The Company's Board of Directors or General Meeting of Shareholders shall resolve on the allotment of share options without contribution a number provided specifically that shall not exceed two times the final number of the total number of shares issued (excluding, however, the number of the Company's shares that is held by the Company) on a separately provided allotment date (hereinafter, "Allotment Date") in accordance with a resolution on the allotment of share options without contribution (hereinafter, "Gratis Allotment Resolution")

2) Shareholders Eligible for Allotment

Share options without contribution shall be allotted to XXX, in a ratio provided specifically not to exceed two share options per share, to shareholders excluding the Company itself. registered in the Company's shareholder registry as of the Allotment Date.

3) Effective Date of the Allotment of share options without contribution

Will be determined by resolution to determine enactment of the allotment of share options without contribution separately.

- 4) Number of Shares per Share Option
One of the Company's shares shall be provided per share option, notwithstanding adjustment elsewhere (Note 8) (as prescribed by the Act on Book-Entry Transfer of Company Bonds, Shares, etc., with transfer shares as provided by Paragraph 1, Article 128, of the same law)
- 5) Value of Property to Be Contributed to Exercise Share Options
As monies subject to contribution at the time of exercising share options, the value of property to be contributed per each of the Company's shares shall be a value provided specifically in a resolution on the allotment of share options without contribution in a range that is no less than one yen and no more than one-half the current value of the each of the Company's shares.
- 6) Exercise Period for Share options
The period shall be provided specifically in a resolution on the allotment of share options without contribution that beings on the first date that is provided specifically an in a period ranging from one month to two months.
- 7) Conditions for Exercising Share options
In principle, parties prescribed in a) through f) below (hereinafter, collectively referred to as "Ineligible Parties") may not exercise share options.
 - a) A specified large-scale holder ^(Note 9)
 - b) The joint holder ^(Note 10) stated in a)
 - c) A specified large-scale acquirer ^(Note 11)
 - d) A person having a special relationship with the party stated in c)
 - e) A party that has assigned share options in transfer to a party prescribed above under (a) or (d) without the approval of the Company's Board of Directors
 - f) A related party ^(Note 12) to a party prescribed by a) or e)
- 8) Restrictions on the Transfer of Share options
The acquisition through transfer of share options requires approval from the Company's Board of Directors.
- 9) Grounds for Receipt of Share options
 - a) The Company may acquire all share options without contribution on any day preceding the first day of the exercise period for share options.
 - b) That may acquired unexercised share options from parties other Ineligible Parties, and deliver one share per each share option (unless adjusted elsewhere) on the specifically stated date by the Company's Board of Directors
 - c) Conditions under which the Company may separately acquire share options shall be provided in a specific resolution on the allotment of share options without contribution.
- 10) Other
Other matters pertaining to share options shall be as provided specifically in a resolution on the allotment of share options without contribution.

(f) Regarding the Independent Committee

In order to prevent the Company's Board of Directors from judging arbitrarily on the implementation or non-implementation of the Plan based on allotment of share options without contribution, an Independent Committee is in place, comprising members who are independent of the management team that executes the Company's business. The Independent Committee shall comprise three or more committee members appointed from a pool that includes (i) an outside director of the Company, (ii) an outside auditor of the Company or (iii) an outside expert (an experienced corporate manager, a person originating

from a government entity, an attorney, a certified public accountant, an experienced academic, etc.) and announced publicly.

In principle, resolutions by the Independent Committee shall be made when all committee members are present and by majority decision. However, in the event of an accident or on other unavoidable grounds, resolutions may be passed by a committee majority at a meeting in which a majority of committee members are present.

Additional matters related to the Independent Committee shall be as provided specifically by the Company's Board of Directors.

(g) Abolition of the Plan

In the event that the Company's Board of Directors passes a resolution to abolish the Plan, the Plan shall be abolished at that time.

(h) Other

Details of the Plan other than those provided above in sections (a) through (g), resolutions that decide upon the renewal of the Plan are as provided specifically by the Company's Board of Directors.

(3) Effective Period of the Basic Policy

The effective period of the basic policy shall be three years or less following this Ordinary General Meeting of Shareholders, concluding at the close of an ordinary General Meeting of Shareholders at the conclusion of a business year. This period notwithstanding, the Basic Policy may be revised or abolished by resolution of the Company's General Meeting of Shareholders. In such an event, the Plan shall also be promptly changed or abolished in accordance with changes in the Basic Policy.

(Reference)

The content of the Basic Policy is as stated above in section 3. above. Judgments and reasons related to judgments affecting shareholders and other investors or related to the Basic Policy, are as indicated below. The Company requests that shareholders approve this proposal after taking these points under consideration.

Impact on Shareholders and Other Investors

(1) Impact on Shareholders and Other Investors of Renewing the Basic Policy and the Plan during the Renewal Period

No allotment of share options without contribution itself will take place during the period for the renewal of the Basic Policy and the renewal of the Plan. Therefore, there will be no direct or specific impact on shareholders and other investors during the renewal period.

(2) Impact on Shareholders and Other Investors during the Period of Allotment of Share Options without Contribution

If the Plan is renewed, in the event that the allotment of share options without contribution is conducted according to the Plan's procedures, on an Allotment Date provided specifically and by resolution on the allotment of share options without contribution provided separately, in an allotment provided separately through the resolution on the allotment of share options without contribution, share options shall be provided without contribution to shareholders, at a rate of up to two share options for each of the Company's shares held.

If shareholders pay the prescribed monies corresponding to the exercise price within the period for exercising share options and act in accordance with other procedures for exercising share options, this will have the effect of diluting the overall value of the Company's shares. However, the Company may, by decision of its Board of Directors, acquire share options from shareholders other than Ineligible Parties and in exchange deliver a transfer of the Company's shares. If the Company follows these procedures, the overall value of the Company's shares held will not be diluted for shareholders other than Ineligible Parties because those shareholders will receive the Company's shares in consideration for acquiring the Company's shares without exercising share options or paying monies corresponding to the exercise price.

If, after a resolution on the allotment of share options without contribution is passed, the allotment is cancelled or share options are acquired without contribution, the value

of each of the Company's shares will not be diluted, so shareholders or investors who conducted transactions in anticipation of a per-share dilution in the value of the Company's shares may be significantly affected (including damage) by changes in the price of the Company's shares.

Judgments by the Company's Board of Directors regarding the Above-Mentioned Initiatives and the Reasons for Those Judgments

- (1) Special Initiatives that Contribute to the Realization of the Basic Policy Indicated in 1. Above (Those Initiatives Indicated in 2. Above)

Each of the measures mentioned in section 2., above with regard to initiatives to enhance corporate value and each of the individual measures that are initiatives to enhance corporate governance are specific measures to enhance ongoing and sustainable increases in the Company's Corporate Value and the Common Interests of Shareholders and contribute to the introduction of the basic policy mentioned in section 1. above.

Consequently, in accordance with the basic policy mentioned above in section 1 each measure is in accordance with the common interests of the shareholders and is not for the purpose of sustaining the positions of the Company's directors.

- (2) Initiatives to Prevent Control of the Company's Decisions on Financial Matters and Business Policies (Those Initiatives Indicated in 3. Above) by Inappropriate Persons, as Indicated in 1. Above

- 1) Basic Policy in Line with Above-Stated "1. Basic Policy"

In the event of an acquisition of the Company's share certificates, etc., the Basic Policy establishes a framework to secure the Company's corporate value and the common interests by securing the information and time needed for the shareholders to determine whether said acquisition should be continued, for the Company's Board of Directors to make an alternative proposal to shareholders and to consult or negotiate with the Acquirer on behalf of the shareholders in line with the "1. Basic Policy" stated above.

- 2) These Initiatives Are Not Intended to Harm the Common Interests of the Shareholders or to Sustain the Positions of the Company's Directors

For the following reasons, in light of the basic policy mentioned above in section 1., the Company believes that the Basis Policy does not harm the common interests of the Company's shareholders and is not for the purpose of sustaining the positions of the Company's directors.

- (a) Sufficient Requirements for Guidance on Takeover Defense Measures

Basic Policy satisfies the three principles in the Policy regarding Takeover Defense Measures to Secure or Increase Corporate Value and the Common Interests of Shareholders" announced on May 27, 2005, by the Ministry of Economy Trade and Industry and the Justice Ministry (the principle of securing and increasing Corporate Value and the Common Interests of Shareholders, the principle of prior disclosure and the intent of shareholders, the principle of necessity and appropriateness).

- (b) Reflecting the Intent of Shareholders

The Basic Policy will be established upon approval at the above-mentioned Ordinary General Meeting of Shareholders.

As stated above in Section 3. (3) "Effective Period of the Basic Policy," the effective period of the Basic Policy shall be approximately three years, with a number of sunset conditions in place. Also, even before the end of its effective period the Basic Policy may be changed or abolished by resolution of the Company's General Meeting of Shareholders. Even during the effective period of the Basic Policy, the Plan may be abolished by resolution of a Board of Directors comprising directors appointed by the Company's General Meeting of Shareholders. Accordingly, the intent of shareholders is sufficiently reflected in the Basic Policy and corresponding renewal of the Plan.

- (c) Emphasis on the Decisions of Highly Independent Outsiders and the Disclosure of Information

As mentioned above in section 3. (2) (f) Regarding the Independent Committee, under the Basic Policy the effective judgment on the implementation of the allotment of share options without contribution is made by the Independent Committee, which comprises only members who are independent from the management team that executes the Company's business. In this sense, the Independent Committee conducts stringent supervision to ensure that the Company's Board of Directors does not arbitrarily make an allotment of share options without contribution. At the same time, an overview of this judgment must be disclosed to shareholders. Accordingly, the operational structure of the plan is designed to secure the Company's Corporate Value and the Common Interests of Shareholders.

In the event that the Basic Policy is approved by this Ordinary General Meeting of Shareholders and the renewal of the Plan is resolved by the Company's Board of Directors, the intended appointees as members of the Independent Committee are outside auditors of the Company, Messrs. Kunitoshi Fuwa and Daiken Tsunoda, and Mr. Chihiro Nunoi, an outside expert. For abbreviated backgrounds on these candidates, please refer to the attachment.

(d) Establishment of Rational and Objective Requirements

As is mentioned above in section 3. (2) (e) (i) "Positive Recommendation by the Independent Committee," the system is designed to prevent the Company's Board of Directors from arbitrarily setting in motion the allotment of share options without contribution, unless rational and detailed objective requirements are satisfied.

(e) Getting Opinions from Outside Specialists

As is mentioned above in section 3. (2) (d) "Consideration of the Terms of the Acquisition, Negotiation with the Acquirer and Presentation of Alternative Plans," if an Acquirer emerges the Independent Committee may at the Company's expense, request counsel from independent third-party specialists (financial advisors, attorneys, certified public accountants, etc.). This system helps to reinforce the impartiality and objectivity of judgment on the part of the Independent Committee.

(f) The One-Year Tenure of the Company's Directors

As the tenure of position of the Company's directors is one year, by appointing the Company's directors each year, the intent of shareholders is reflected in the Basic Policy and the Plan even during the effective period of the Plan.

Attachment: Abbreviated Backgrounds of People Slated for Selection as Independent Committee Members

Name: Kunitoshi Fuwa

Background: Apr. 1974 Joined Kyoto Prefectural Office
Oct. 1978 Joined Ernst & Young accounting firm
Mar. 1983 Registered as a certified public accountant
Jul. 2003 Joined Ernst & Young ShinNihon (now Ernst & Young ShinNihon LLC)
Jul. 2006 Representative Partner (now Senior Partner)
May 2011 Retired
Jun. 2011 Corporate Auditor at INES Corporation (Current position)

Name: Daiken Tsunoda

Background: Apr. 1994 Registered with the Tokyo Bar Association, joined Mori Sogo law office (now Mori Hamada & Matsumoto law office)
Jan. 2001 Partner at Mori Sogo
Mar. 2003 Partner at Nakamura and Tsunoda law office (now Nakamura, Tsunoda & Matsumoto law office) (Current position)
Jun. 2005 Auditor at INES Corporation (Current position)

Name: Chihiro Nunoi

Background: Oct. 1984 School of Law, Tokai University (Full-time Lecturer, Assistant Professor, Professor)
Mar. 1998 Retired from School of Law, Tokai University
Apr. 1998 Professor at Graduate School of International Corporate Strategy, Hitotsubashi University (Current position)

- Notes:
1. Messrs. Fuwa and Tsunoda are outside auditors.
 2. Our company has submitted notifications on both Kunitoshi Fuwa and Daiken Tsunoda as independent directors to the Tokyo Stock Exchange.
 3. Mr. Nunoi is independent from the members of management who execute business. He has no transactional, capital or personal relationship with the Company, nor does he have any special-interest relationships.

- Notes:
1. "Share certificates, etc.," as defined in Paragraph 1, Article 27-23, of the Financial Products and Exchange Act. Unless otherwise provided for in this proposal, this definition is applied throughout this document
 2. Including a person described as a holder under Paragraph 3, Article 27-23, of the Financial Products and Exchange Act (including persons that the Company's Board of Directors judges as falling within this category). This definition is applied throughout this proposal.
 3. "Holding ratio of share certificates, etc." as defined in Paragraph 4, Article 27-23, of the Financial Products and Exchange Act. This definition is applied throughout this proposal.
 4. "Share certificates, etc.," as defined in Paragraph 1, Article 27-2, of the Financial Products and Exchange Act.
 5. "Tender offer," as defined in Paragraph 6, Article 27-2, of the Financial Products and Exchange Act. This definition is applied throughout this proposal.
 6. "Owning ratio of share certificates, etc.," as defined in Paragraph 8, Article 27-2, of the Financial Products and Exchange Act. This definition is applied throughout this proposal.
 7. "Person having a special relationship," as defined in Paragraph 7, Article 27-2, of the Financial Products and Exchange Act (including persons that the Company's Board of Directors judges as falling within this category). Provided, however, that persons provided for in Paragraph 2, Article 3, of the Cabinet Office Ordinances concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Item 1, Paragraph 7 of the Financial Products and Exchange Act. This definition is applied throughout this proposal.
 8. Even if the Company were in the future to become a "Corporation with Class Shares" (Item 13, Article 2, of the Companies Act), i) shares in the Company issued as the result of exercising share options and ii) shares acquired in trade through the exchange of share options would all be considered a single class of stock (common stock) of the same category as shares outstanding at the commencement of this Ordinary General Meeting of Shareholders.
 9. A "specified large-scale holder" is a party that holds share certificates, etc., issued by the Company that the Company's Board of Directors determines account for a holding ratio of share certificates, etc., of 20% or more.
 10. Defined in Paragraph 5, Article 27-23, of the Financial Products and Exchange Act, including parties regarded the Company's Board of Directors as joint holders pursuant to Paragraph 6 of said Article.
 11. A "specified large-scale acquirer" is a party that has given public notice of intent to acquire, etc. (Defined in Paragraph 1, Article 27-2, of the Financial Products and Exchange Act. This definition applies through Note 11.) through tender offer share certificates, etc., issued by the Company (Defined in Paragraph 1, Article 27-2, of the Financial Products and Exchange Act. This definition applies throughout Note 11.), whose owning ratio of share certificates, etc., when added to those held by parties with whom he has a special relationship are, subsequent to the acquisition, etc. (including the equivalent definition indicated in Paragraph 1, Article 7, of the Financial Products and Exchange Act Enforcement Order) determined by the Company's Board of Directors to total an owning ratio of share certificates, etc., of 20% or more.
 12. Defining a party as a "related party" indicates a party that is determined by the Company's Board of Directors to be effectively under the control of or to jointly be in control, or, a party that is determined by the Company's Board of Directors to be acting in accordance with another party. "Control" is defined as the "case in which financial or business policy decisions are controlled by another company, etc." (defined in Paragraph 3, Article 3, of the Companies Act Enforcement Regulations).

Consolidated Balance Sheets
(As of March 31, 2012)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current Assets:	34,409	Current Liabilities:	6,106
Cash and deposits	15,295	Accounts payable	1,560
Notes and accounts receivable	10,287	Accrued expenses	1,131
Marketable securities	157	Income taxes payable	391
Work in process	1,227	Accrued consumption taxes	214
Raw materials and supplies	75	Advances received	232
Prepaid expenses	202	Provision for bonuses	1,167
Deferred tax assets	871	Provision for directors' bonuses	58
Deposit paid	6,205	Provision for loss on order received	538
Others	101	Others	812
Allowance for doubtful accounts	(14)	Noncurrent Liabilities:	8,303
Noncurrent Assets:	28,729	Provision for retirement benefits	7,771
Tangible Noncurrent Assets:	21,426	Reserve for directors' retirement benefits	165
Buildings and structures	9,043	Assets retirement obligations	57
Tools, furniture and fixture	1,203	Others	309
Land	11,179	Total Liabilities	14,409
Intangible Noncurrent Assets:	2,533	NET ASSETS	
Software	2,496	Shareholders' Equity:	48,454
Others	37	Capital stock	31,457
Investments and Other Assets:	4,768	Capital surplus	17,548
Investments securities	863	Retained earnings	4,880
Long-term prepaid expenses	295	Treasury stock	(5,432)
Deferred tax assets	3,027	Total Other Comprehensive Income	171
Others	581	Valuation differences on available	171
		Subscription Rights to Shares	73
		Minority Interests	29
		Total Net Assets	48,728
Total Assets	63,138	Total Liabilities and Net Assets	63,138

(¥ millions)

Consolidated Statements of Operations
(For the year from April 1, 2011 to March 31, 2012)

(¥ millions)

Item	Amount	
Revenue		35,882
Cost of Services		28,115
Gross Profit		7,766
Selling, general and administrative expenses		5,176
Operating Income		2,589
Non-Operating Income:		134
Interest income	43	
Dividends income	15	
Real estate rent	34	
Dividend on insurance	16	
Others	22	
Non-Operating Expenses:		43
Interest expenses	2	
Rent expenses on real estate	35	
Others	5	
Ordinary Income		2,680
Extraordinary Income:		119
Gain on revision of retirement benefit plan	34	
Settlement received	65	
Gain on reversal of subscription rights to shares	15	
Others	3	
Extraordinary Losses:		544
Loss on retirement of noncurrent assets	31	
Loss on valuation of investment securities	501	
Others	10	
Income before Income Taxes		2,255
Income Taxes and Others		368
Adjustment of Corporate Taxes		118
Income before Minority Interest		1,767
Minority Interests		0
Net Income		1,767

Consolidated Statements of Changes in Shareholders' Equity
(For the year from April 1, 2011 to March 31, 2012)

(¥ millions)

	Shareholder's Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance at April 1, 2011	31,457	17,548	3,724	(5,431)	47,299
Changes During Year					
Cash Dividends from Retained Earnings			(611)		(611)
Net Income			1,767		1,767
Purchase of Treasury Stock				(0)	(0)
Disposal of Treasury Stock		(0)		0	0
Net Changes in Items Other than Shareholders' Equity					
Total Changes During Year	-	(0)	1,156	(0)	1,155
Balance at March 31, 2012	31,457	17,548	4,880	(5,432)	48,454

	Total Other Comprehensive Income		Subscription Rights to Shares	Minority Interests	Total Net Assets
	Valuation Differences on Available	Total Other Comprehensive Income			
Balance at April 1, 2011	(16)	(16)	89	29	47,400
Changes During Year					
Cash Dividends from Retained Earnings					(611)
Net Income					1,767
Purchase of Treasury Stock					(0)
Disposal of Treasury Stock					0
Net Changes in Items Other than Shareholders' Equity	188	188	(15)	0	172
Total Changes During Year	188	188	(15)	0	1,327
Balance at March 31, 2012	171	171	73	29	48,728

Non-Consolidated Balance Sheets
(As of March 31, 2012)

(¥ millions)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current Assets:	31,215	Current Liabilities:	5,407
Cash and deposits	14,145	Accounts payable	1,441
Accounts receivable	9,590	Accrued payable	318
Marketable securities	157	Accrued expenses	969
Work in process	1,170	Income taxes payable	280
Raw materials and supplies	75	Accrued consumption taxes	173
Prepaid expenses	182	Advances received	232
Deferred tax assets	792	Deposits received	322
Deposits paid	5,000	Provision for bonuses	1,033
Others	113	Provision for directors' bonuses	42
Allowance for doubtful accounts	(14)	Provision for loss on order received	538
Noncurrent Assets:	29,023	Others	55
Tangible Noncurrent Assets:	20,047	Noncurrent Liabilities:	7,621
Buildings	8,502	Provision for retirement benefits	7,278
Structures	49	Provision for directors' retirement benefits	86
Tools, furniture and fixture	981	Assets retirement obligations	42
Land	10,514	Others	213
Intangible Noncurrent Assets:	2,447	Total Liabilities	13,028
Telephone rights	22	NET ASSETS	
Software	2,424	Shareholders' Equity:	46,966
Others	1	Capital Stock	31,457
Investments and Other Assets:	6,528	Capital Surplus	17,548
Investments securities	844	Capital reserve	7,864
Shares in affiliates	1,281	Other capital surplus	9,683
Investments in capital of subsidiaries and affiliates	13	Retained Earnings	3,391
Long-term prepaid expenses	294	Other retained earnings	3,391
Deferred tax assets	2,815	Retained earnings carried forward	3,391
Guarantee deposited	1,021	Treasury stock	(5,432)
Long-term loans	16	Valuation, Translation Adjustment and Others	171
Utility Membership	118	Valuation differences on available	171
Others	122	Subscription Rights to Shares	73
Total Assets	60,239	Total Net Assets	47,210
		Total Liabilities and Net Assets	60,239

Non-Consolidated Statements of Operations
(For the year from April 1, 2011 to March 31, 2012)

(¥ millions)

Item	Amount	
Revenue		32,115
Cost of Services		25,224
Gross Profit		6,890
Selling, general and administrative expenses		4,581
Operating Income		2,309
Non-Operating Income:		287
Interest income	38	
Dividend income on securities	1	
Dividends income	75	
Real estate rent	135	
Others	36	
Non-Operating Expenses:		153
Interest expenses	0	
Rent expenses on real estate	147	
Others	4	
Ordinary Income		2,443
Extraordinary Income:		84
Settlement received	65	
Gain on reversal of subscription rights to shares	15	
Others	3	
Extraordinary Losses:		541
Loss on retirement of noncurrent assets	30	
Loss on valuation of investment securities	501	
Others	9	
Income before Income Taxes		1,987
Income Taxes and Others		222
Adjustment of Corporate Taxes		97
Net Income		1,667

Non-Consolidated Statements of Changes in Shareholders' Equity
(For the year from April 1, 2011 to March 31, 2012)

(¥ millions)

	Shareholders' Equity					
	Capital Stock	Capital Surplus			Retained Earnings	
		Capital Reserve	Other Capital Surplus	Total Capital Surplus	Other Retained Earnings	Total Retained Earnings
				Retained Earnings Carried Forward		
Balance at April 1, 2011	31,457	7,864	9,683	17,548	2,335	2,335
Changes During Year						
Cash Dividends from Retained Earnings					(611)	(611)
Net Income					1,667	1,667
Purchase of Treasury Stock						
Disposal of Treasury Stock			(0)	(0)		
Net Changes in Items Other than Shareholders' Equity						
Total Changes During Year	-	-	(0)	(0)	1,056	1,056
Balance at March 31, 2012	31,457	7,864	9,683	17,548	3,391	3,391

	Shareholders' Equity		Valuation, Translation Adjustment and Others		Subscription Rights to Shares	Total Net Assets
	Treasury Stock	Total Shareholders' Equity	Valuation Differences on Available	Total Valuation, Translation, Adjustment and Others		
Balance at April 1, 2011	(5,431)	45,910	(16)	(16)	89	45,983
Changes During Year						
Cash Dividends from Retained Earnings		(611)				(611)
Net Income		1,667				1,667
Purchase of Treasury Stock	(0)	(0)				(0)
Disposal of Treasury Stock	0	0				0
Net Changes in Items Other than Shareholders' Equity			188	188	(15)	172
Total Changes During Year	(0)	1,055	188	188	(15)	1,227
Balance at March 31, 2012	(5,432)	46,966	171	171	73	47,210

<Procedures for exercising your voting rights via the Internet>

When exercising your voting rights via the Internet, please refer to the procedures below.

Please note that if attending in person, you do not need to follow the procedures for exercising your voting rights by mail (using the voting rights exercise form) or via the Internet.

Details

1. Website for exercising voting rights

(1) You can only exercise your voting rights via the Internet by accessing and using the Company's designated website (<http://www.evotep.jp/>) from a personal computer, smartphone, or a cellular phone.

(The site will not be available from 2:00 a.m. to 5:00 a.m. due to daily maintenance)

(2) Note that depending on your Internet environment, for example if you are running firewalls and other anti-virus measures when accessing the Internet, you may not be able to access the site.

(3) Please exercise your voting rights via the Internet by 5:20 p.m. on Thursday, June 21, 2012.

2. Process of exercise of voting rights via the Internet

(1) Please log in to the website (<http://www.evotep.jp/>) using the "login ID" and the "temporary password" provided in the voting rights exercise form and follow the instructions displayed on the screen.

(2) To prevent unauthorized access by persons other than the Company's shareholders or alteration of votes, you are asked to change the "temporary password" to a new one on the website for exercising voting rights.

3. Handling when voting is exercised multiple times

(1) Please note that if you exercise your voting rights both by mail and via the Internet, only the content of the vote made via the Internet shall be deemed valid.

(2) If you exercise your voting rights multiple times via the Internet, the last time that you exercise your voting rights shall be deemed valid. Furthermore, if you exercise your voting rights in duplicate by accessing the voting website from a personal computer, a smart phone and a cellular phone, the last time that you exercise your voting rights shall be deemed valid.

4. Expenses incurred when accessing the website for exercising voting rights

Expenses incurred when using the website for exercising voting rights such as the Internet provider's connection fee and the telephone fee shall be borne by the shareholder.

Inquiries regarding the exercise of voting rights via the Internet
Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division (Help Desk)
- Telephone 0120-173-027 (toll-free; Hours: 9:00-21:00)