Translation: This document is a reference translation of Japanese original for the convenience of shareholders/ investors. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

May 7, 2014

To whom it may concern:

Name of the Company: INES Corporation
Representative: Yoshihiro Hayashi
President and Representative Director
Ticker Code: 9742 (TSE 1st Section)
Inquiry addressed to: Akihiro Kobayashi
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Corporate Administration Division
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The Company's View on a Shareholder Proposal

1. Name of the shareholders who submitted the proposal
Following two (2) limited partnerships jointly submitted the shareholder proposal.

Japan-up Alpha Investment Limited Partnership.
Japan-up Beta Investment Limited Partnership.

Strategic Capital, Inc. (Representative Director, Tsuyoshi Maruki) is a general partner of the above two partnerships.

2. Description of the shareholder proposal

The outline of the proposal is stated as it is in the proposal as follows:
(1) Proposal: Disposition of retained surplus
(2) Outline of the Proposal:
1. Matter related to year-end dividend
① Kind of assets distributed: Cash
② An amount to be distributed and total amount
An amount of dividend per share of common stock for the 52nd fiscal year shall be Yen 27. Provided, however, that in the event that net income per share for the fiscal year ended March 31, 2014 is lower than Yen 35, dividend per share shall be an amount obtained deducting Yen 8 from the net income per share for the aforesaid year (any fraction less than Yen 1 disregarded). The total amount for the dividend shall be calculated by multiplying an amount of dividend per share by the total number of shares entitled to dividend as at March 31, 2014.
③ Date on which dividend takes effect:
The day following the day on which the Ordinary General Meeting of Shareholders of the Company will be held in June 2014.

(3) Reason for Proposal:

In accordance with the settlement of accounts in the abbreviated form for the 3rd quarter of the fiscal year ended March 31, 2014, the Company had no debts bearing interest as at December 31, 2013 in the consolidated balance sheets of the 3rd quarter. On the other hand, cash and cash equivalents held were approximately Yen 8,700 million, and securities (current assets) held were approximately Yen 150 million. The total was Yen 8,850 million. This represents approximately 39% of the aggregate market value of the Company (approximately Yen 22,500 million).

In February, 2013, the Company acquired shares of the Company (treasury stock) held by Hitachi Solutions, Ltd. at the aggregate price of approximately Yen 6,200 million, in March, 2013, acquired a building for own use, and increased investment securities by approximately Yen 700 million as at December 31, 2013 compared with March 31, 2013 (The affluent cash and cash equivalents held by the Company shown above represent after these investments). Since the acquisition of the building and investment securities is not necessarily deemed as an investment to facilitate the enhancement of the value of shares of the Company, we, as shareholders of the Company, do not understand such investments.

In addition, as at December 31, 2013, for the fiscal year ended March 31, 2014 forecasted consolidated net assets of the Company was Yen 43,200 million (net income per share was Yen 1,347), forecasted consolidated net income was Yen 1,150 million, earnings on equity (ROE) was approximately 2.7%. On the other hand, the Company publicly announced forecast of an amount of dividend which is annual dividend of Yen 16 per share. Dividend on equity ratio becomes approximately 1.2% so that income level and dividend level are extraordinary low as against huge amount of its equity. Further, the share price of the Company was Yen 702 per share represented PBR 0.52 much lower than PBR 1.35 which is the average of Tokyo Stock Exchange listed companies

As stated above, since the Company has already affluent cash and cash equivalents, there is no deed to increase net worth equity capital through increases in internal reserve so as not to further reduce the current low ROE because a management is apt to invest in investment not facilitating the enhancement of shareholders value with unnecessary fund held in the current slow stock market.

With respect to cash and deposits, the Company should not retain them without any purpose, but they should be returned to shareholders, which will result in enhancing the value of shareholders and the share price so that an amount to be distributed from retained earnings should be largely increased.

Moreover, even if proposal for disposition of retained earnings hereby presented is carried out, the aggregate amount of dividend is within the net income for the fiscal year ended March 31, 2014 so that the level of the net assets and cash and cash equivalents of the Company as at March 31, 2014 would not be changed very much. Accordingly, this would not change substantially the financial conditions of the Company as at March 31, 2014 so that they still remain good and sound.

3. Opinion of the Board of Directors against a shareholder proposal

The Board of Directors of the Company opposes the shareholders' proposal

Information service industry recently faces great business opportunities such as the introduction of the Social Security and Tax number system ("My Number" system) as well as a technical turnover period shown by cloud computing and big data. Competition in the industry is expected to become fiercer hereinafter and the Company will exert the best effort to further enhance business performance having grasped positively these opportunities.

The Company comprises local municipalities and large financial institutions as its customers and responds to confidence granted by such customers to the Company and maintains the strong financial basis in response to the fast changing market in terms of the Company's management strategy.

In the fierce competition of the business environment, the Company believes that it is inevitable to retain a certain level of internal reserves to accomplish continued sustainable growth on the medium- and long-term basis. In particular, the Company is envisaged to the introduction of the "My Number" system under which all peoples in Japan will be notified assigned numbers in October 2015 and the Company intends to appropriate funds to develop new version of our product "WebRings" which are comprehensive administrative information systems in the Web form being adopted at more than 170 local municipalities and organizations among our customers. In addition, the Company will invest in the enhancement of the Company's data centers, the development of new software packages and the development of solutions and the employment personal resources.

Furthermore, since it is expected that the business environment will change including an amendment of the Worker Dispatching Act and others, the Company has a policy to increase transactions with lump-sum contracts. A lump-sum contracting transaction requires a long period of time to accomplish: from the receipt of order, delivery of products and to collection of sales receivables so that working capital is expected to increase resulting from an increase in the receipt of new orders. Accordingly, it is necessary to secure at least the current level of working capital to carry out the ordinary course of business. The Company does not hold an excessive level of cash and cash equivalents.

With respect to results of operation, carrying out the management policy in response to the business environment surrounding the Company, the Company will exert its best to enhance business results and corporate value in the medium- and long-term.

With respect to disposition of retained earnings, the Company has made it a fundamental principle to distribute a stable dividend reflecting results of operation and at the same time to appropriate funds to necessary investment required for future growth. The Company intensively implemented business structure renovation and increased amount of dividend from Yen 10 per share for the fiscal year ended March 2009 to Yen 16 per share for the fiscal year ended March 2013. With respect to the fiscal year ended March 2014, the Company intends to pay Yen 16 per share as an annual dividend in the light of the business and management environment as stated above. As a result, the payout ratio is 48.6% on a consolidated basis, which the Company understands that its payout ratio is comparable to the other companies in the same industry.

The acquisition of the building and investment securities which were pointed out by the shareholder who submitted the shareholder proposal, were carried out by the following reasons: (i) the office space of the Company used to be insufficient so that in order to expand the Company's business the Company had needed to have a wider space securing working space for additional system engineers of the Company and employees of business partner companies, and in addition moving to the downtown in Tokyo is expected to facilitate enhancing business relationships with customers and improving services resulting from substantially shortened distance between customers and the Company; and (ii) the Company purchased investment securities for the purpose of maintaining and enforcing business relationships with financial institutions which are the Company's important customers.

As stated above, the Company retains a balance between return of profits to shareholders and investment which supports the Company's future growth, and intends to continuously expand business, which the Company believes would contribute to the shareholders' interests. Accordingly, the Company opposes this proposal asking to distribute substantially 100% of net income of the Company (Yen 32.9 per share) for the fiscal year ended March 31, 2014.

Furthermore, as stated in the press release as of April 25, 2014, since the Company memorizes the fiftieth anniversary following the establishment of the Company in the fiscal year ending March 31, 2015, the Company is scheduled to distribute additionally an interim memorial dividend (Yen 5 per share) for the interim period and an ordinary year-end dividend (Yen 16 per share) for the same fiscal year.

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