

June 12, 2008**Notice Regarding Merger and Dissolution of Subsidiaries**

ISB Corporation conducted a review of subsidiaries to strengthen the ISB Group management and to improve efficiency in business operations, and made decisions as follows at the Board of Directors meeting held on June 12, 2008.

1. Merger of subsidiary

ISB resolved to merge Software Maintenance Corporation and ISB Application System Corporation, ISB's subsidiaries.

(1) Purpose of merger

Since the inception of Software Maintenance, the Company has been mainly engaged in the engineer dispatch services and ISB Application System has been mainly engaged in the entrusted development of systems. However, as ISB Application System recently increased shares in the engineer dispatch services, we anticipate improvement in management efficiency, etc. by sharing business know-how and reducing expenses in the administration department. Therefore, we decided to merge the two companies.

(2) Outline of merger**Merger schedule**

- Approval of merger agreement at the Board of Directors meeting (both companies)
June 12, 2008
- Signing of merger agreement
June 12, 2008
- Approval of merger agreement at the Shareholders meeting (both companies)
June 27, 2008 (tentative)
- Scheduled date of merger (effective date)
August 1, 2008 (tentative)

Merger method

Software Maintenance will be the surviving company and ISB Application System will be dissolved through merger by absorption.

Merger ratio

Because the merger is between ISB's wholly owned subsidiaries, there are no merger ratio agreements. Moreover, there is no issuance of new shares or increase in paid-in capital due to the merger.

(3) Outline of merging companies

	Surviving company	Predecessor Company
Name	Software Maintenance Corporation	ISB Application System Corporation
Business activity	Information processing service	Information processing service
Established	May 10, 1985	April 4, 1995
Head office	2-6-5 Nihonbashi-Kayabacho, Chuo-ku, Tokyo	1-23-9 Nishi-Gotanda, Shinagawa-ku, Tokyo
Representative	Tamio Arahori, President and CEO	Yoshihiro Higashida, President and CEO
Paid-in capital	25 million yen	25 million yen
Fiscal year ends	December 31	December 31
Employees	71	45

Shareholder	ISB Corporation 100%	ISB Corporation 100%
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(4) Status following the merger

Name:	Software Maintenance Corporation
Business activity	Information processing service
Head office	2-6-5 Nihonbashi-Kayabacho, Chuo-ku, Tokyo
Representative	Tamio Arabori, President and CEO
Paid-in capital	25 million yen
Fiscal year ends	December 31
Outlook	Because the merger is between ISB's consolidated subsidiaries, the effect on the Company's consolidated operating results is expected to be insignificant.

2. Dissolution of subsidiary

ISB at the Board of Directors meeting held today has decided to dissolve ISB Brains Co., Ltd., ISB's subsidiary.

(1) Reason for dissolution

ISB Brains has been mainly engaged in the entrusted development of systems. However, unprofitable projects caused a downturn in the business and it is considered that a considerable amount of time is required for future growth. Therefore, we abandoned continuing the business and decided to dissolve ISB Brains.

(2) Profile of ISB Brains Co., Ltd.

Head office	1-23-9 Nishi-Gotanda, Shinagawa-ku, Tokyo
Representative	Hiroshi Watanabe, President and CEO
Business activity	Software development
Established	April 4, 1995
Capital	30 million yen
Shares outstanding	600 shares
Net assets	(257) million yen
Total assets	181 million yen
Net sales	224 million yen
Fiscal year ends	December
Employees	44
Shareholder	ISB Corporation 100%

(3) Dissolution and liquidation schedules

June 12, 2008	ISB Board of Directors resolution
June 30, 2008	Dissolution to be resolved at the subsidiary's Extraordinary Meeting of Shareholders (tentative)
October 2008	Liquidation completed (tentative)

(3) Outlook

The effect of the ISB Brains' dissolution and liquidation on the ISB's operating results is expected to be insignificant.