

(Translation purposes only)

Securities Report

(Report based on Financial Instruments and Exchange Act Article 24-1)

Business year from June 1, 2017
(33rd business term) to May 31, 2018

Oracle Corporation Japan

(E05027)

(Translation purposes only)

33rd business term (from June 1, 2017 to May 31, 2018)

Securities Report

1. The original text of the Practical Guidance is prepared in the Japanese language, and this translation is to be used solely as reference material to aid in the understanding of the Practical Guidance. For all purposes of interpreting and applying the Practical Guidance, users should consult the original Japanese texts available on the following website;
http://www.oracle.co.jp/corp/IR/doc/201808/FY18_yuho_JP_web.pdf
2. In addition to an auditing report that has been attached to the Securities Report, this document also includes an internal control report and confirmation document at the end of the report.

Oracle Corporation Japan

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Contents

	Page
Securities Report for 33 rd business term	
【Title page】	1
Part 1 【Information About the Company】	2
I 【Company Overview】	2
1. 【Movements in Key Economic Indicators, etc.】	2
2. 【History】	4
3. 【Details of Business】	5
4. 【Status of Associated Companies】	7
5. 【Status of Employees】	7
II 【Status of Business】	8
1. 【Business Policies, Business Environment, Issues to be Dealt with, etc.】	8
2. 【Business Risks】	8
3. 【Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows】	11
4. 【Important Agreements for Business, etc.】	18
5. 【R&D Activities】	19
III 【Status of Facilities/Equipment】	20
1. 【Overview of Capital Investment, etc.】	20
2. 【Status of Key Facilities/Equipment】	20
3. 【Plans for Development of New Facilities, Removals, etc.】	20
IV 【Status of Submitting Company】	21
1. 【Status of stocks, etc.】	21
2. 【Status of acquisition of self-owned stocks, etc.】	37
3. 【Policy on Dividends】	38
4. 【Stock Price Movements】	38
5. 【Status of Directors】	39
6. 【Status and Other Items Pertaining to Corporate Governance】	55
V 【Financial Status】	64
1. 【Consolidated Financial Documents】	65
2. 【Financial Documents】	66
VI 【Overview of Administrative Duties at Submitting Company】	108
VII 【Reference Information on Submitting Company】	109
1. 【Information on Parent Companies, etc. at Submitting Company】	109
2. 【Other Information for Reference】	110
Part 2 【Information on Guarantor Companies, etc. for Submitting Company】	111

Independent Auditor's Report and Internal Control Audit Report

Confirmation Document

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【Title Page】

【Submitted document】	Securities Report
【Text used as grounds for document】	Article 24-1 of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	August 21, 2018
【Business year】	33 rd (beginning June 1, 2017 and ending May 31, 2018)
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Shigeru Nosaka, Executive Officer, Deputy President and CFO
【Location of nearest contact】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Shigeru Nosaka, Executive Officer, Deputy President and CFO
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

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Part 1 【Information About the Company】

I 【Company Overview】

1. 【Movements in Key Economic Indicators, etc.】

Status of submitting company

Term	29 th	30 th	31 st	32 nd	33 rd
Closing month/year	May 2014	May 2015	May 2016	May 2017	May 2018
Revenue (million yen)	154,972	161,051	170,203	173,190	185,481
Ordinary income (million yen)	44,314	47,286	50,273	52,502	55,978
Net income (million yen)	27,171	30,246	33,568	36,360	38,751
Return on investment with application of equity method (million yen)	-	-	-	-	-
Capital stock (million yen)	22,506	22,743	23,209	23,755	24,480
Total numbers of shares outstanding (shares)	127,202,871	127,308,971	127,511,971	127,728,671	128,019,371
Net assets (million yen)	94,401	113,826	136,227	105,783	131,425
Total assets (million yen)	154,002	188,847	223,402	198,731	236,509
Net assets per share (yen)	734.20	887.28	1,062.14	824.79	1,025.38
Dividends per share (amount of interim dividends per share) (yen)	86 (-)	95 (-)	525 (-)	114 (-)	121 (-)
Net income per share (yen)	213.75	237.78	263.64	285.11	303.25
Net income per share (diluted) (yen)	213.63	237.51	263.14	284.55	302.66
Ratio of shareholders' equity (%)	60.6	59.8	60.6	52.9	55.5
Return on equity (%)	32.0	29.3	27.0	30.2	32.8
Price earnings ratio (times)	21.47	22.58	22.34	22.87	27.34
Dividend payout ratio (%)	40.2	40.0	199.1	40.0	39.9
Cash flows from operating activities (million yen)	29,019	48,412	44,267	43,087	50,881
Cash flows from investing activities (million yen)	-587	3,088	-69,506	16,122	42,778
Cash flows from financing activities (million yen)	-10,359	-10,843	-11,311	-66,829	-13,357
Cash and cash equivalents at the end of period (million yen)	41,536	82,194	45,644	38,025	118,326
Number of employees (number of persons)	2,468	2,406	2,500	2,422	2,497

(Note)

- 1 Our company does not compile consolidated financial statements; thus it does not mention movements in consolidated business benchmarks, etc.
- 2 Sales amounts do not include consumption tax, etc.
- 3 Return on investment in the event of the use of an equity method is not indicated as the company has no affiliated companies.
- 4 Dividends per share in the 31st period (to May 2016) include special dividends of 420 yen.

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5 The number of treasury shares which become the basis for calculating 'net assets per share', 'net income per share' and 'net income per share (diluted)' include company shares owned by our BIP trust and ESOP trust, the number of shares for which are as follows:

		30 th	31 st	32 nd	33 rd
Board Incentive Plan trust (BIP)	Number of shares at end of fiscal year (stocks)	13,200	8,826	38,165	22,542
	Average number of shares during interim period (stocks)	5,678	10,294	19,173	27,935
Employee stock ownership plan trust (ESOP)	Number of shares at end of fiscal year (stocks)	40,800	28,320	106,382	69,735
	Average number of shares during interim period (stocks)	17,550	32,686	55,175	83,308
Number of treasury shares at end of fiscal year (stocks)		54,000	37,146	144,547	92,277

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2. 【History】

Month/year	Item
Oct. 1985	Oracle Corporation Japan (capital stock: 1 million yen) established in Shinjuku, Tokyo for the purpose of selling relational database management system “Oracle” and other software products and providing various services to support these software products.
Oct. 1990	Start of full-fledged business activities
Jun. 1992	West Japan office established in Nishi-ku, Osaka (current Kansai office)
Jul. 1993	Chubu office established in Naka-ku, Nagoya (current Tokai Office)
Jun. 1994	Head office relocated to Chiyoda-ku, Tokyo
Jun. 1994	Seibu office established in Chuo-ku, Fukuoka (current Kyushu office)
Aug. 1996	Hokkaido office established in Chuo-ku, Sapporo
Feb. 1997	Chubu Hokuriku sales office established in Kanazawa, Ishikawa prefecture (current Hokuriku office)
Jun. 1997	Merger with superficially existing company Oracle Corporation Japan (former name: ORACLE Acquisition K.K.) to change par value of shares from 50,000 yen to 50 yen per share (note)
Feb. 1999	Listed with the Japan Securities Dealers Association as over the counter stocks (capital: 12,164,660,000 yen)
Apr. 2000	Stocks listed in First Section of Tokyo Stock Exchange (capital: 22,127,910,000 yen)
May. 2000	Tohoku office set up in Aoba-ku, Sendai
Jul. 2000	Training Campus Osaka set up in Kita-ku, Osaka
Aug. 2000	Okinawa office (current Okinawa office) set up in Naha, Okinawa
Oct. 2000	Training Campus Shibuya set up in Shibuya-ku, Tokyo (current Training Campus Akasaka)
Jan. 2005	West Japan Hiroshima sales office (current Chugoku-Shikoku office) set up in Hiroshima, Hiroshima Prefecture
Jun. 2006	Strengthened collaboration structure with sister company Oracle Information Systems (Japan) K.K. (reorganized as a godo gaisha (type of Japanese business organization modeled after American limited liability company on March 23, 2012; currently Oracle Information Systems (Japan) G.K.; hereinunder “OIS”); contact point for the handling of products added through acquisition of Oracle Corporation and related services, etc. centralized at the company.
Jul. 2008	Head office building “Oracle Aoyama Center” completed
Sep. 2008	Head office relocated to Minato-ku, Tokyo
Jun. 2010	Newly hardware systems division was created to start offering sales and related services, etc. for servers, storage products, etc.
Jun. 2013	Office opened at Akasaka Center Building in Moto-Akasaka, Minato-ku, Tokyo

(Note) In order to change the par value amount for shares for Oracle Corporation Japan (established October 15, 1985, par value of shares: 50,000 yen), our company (trade name prior to merger: ORACLE Acquisition K.K., established Feb. 27, 1982, par value of share: 50 yen) absorbed and acquired Oracle Corporation with a deadline set at June 1, 1997, succeeded all of its income, debts, rights and obligations, and changed the trade name to Oracle Corporation Japan as of the same day; however, prior to the merger the company had been in a suspended state and all sales activities of the merged company had been succeeded. Thus, the existing company in substance has been the merged company Oracle Corporation Japan and unless specific mention is made, the information indicated will be on the existing company before the merger. The number of periods for each business year have been inherited from those of the company in actual existence.

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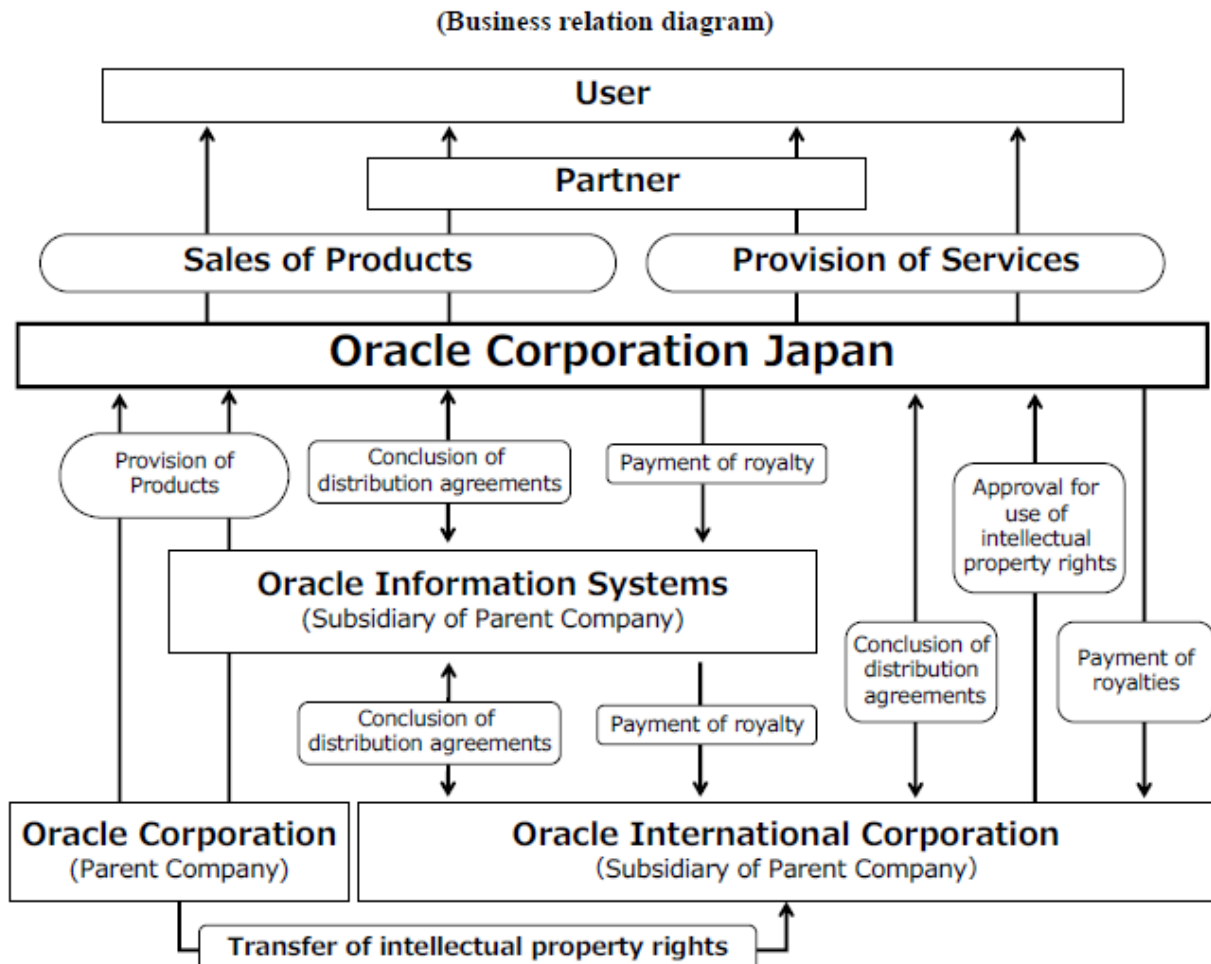
3. 【Details of Business】

The Company belongs to a corporate group centered on Oracle Corporation, which is the substantive parent company of the Company.

The corporate group undertakes worldwide sales of software, including relational database management software, middleware, and applications; and hardware, including servers, storage devices, and network devices. Its products are used for building and operating IT environments, such as cloud computing environments. In addition, the Company provides products such as cloud services that are offered over the Internet and through other networks, and a variety of services to support the introduction and use of these products.

The Company has concluded sales agency agreements with Oracle International Corporation, which owns and manages the intellectual property rights of Oracle Corporation, the parent company of the Company, and mutual sales license agreements with Oracle Information Systems Japan G.K., a subsidiary of Oracle Corporation, which owns the right to license and the right to sell products that have been acquired by Oracle Corporation in Japan. Based on these agreements, the Company receives supplies of products for the Japanese market from Oracle Corporation and pays a certain percentage of the sales proceeds from the products and the acquired products to Oracle International Corporation and Oracle Information Systems Japan G.K., respectively, in consideration thereof.

In addition, as the principal operations of the Company are selling products developed by Oracle Corporation and providing related services incidental to these products in the Japanese market, the Company does not conduct research and development activities on its own.



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Descriptions of each business and sales distribution ratios are as follows:

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Name of segment	Description of business	Sales distribution ratio (%) (note)		
		31 st period (starting June 1, 2015 ending May 31, 2016)	32 nd period (starting June 1, 2016 ending May 31, 2017)	33 rd period (starting June 1, 2017 ending May 31, 2018)
Cloud & Software				
Cloud (SaaS/PaaS/IaaS)	Providing software and Hardware resources which are used for IT system infrastructure at companies and other organizations as services under agreements for certain periods through the networks such as Internets.	2.7	5.3	7.1
New software licenses	Providing licenses for business application software, including database management software, middleware products, and ERP, which are used for IT system at companies and other organizations.	27.8	25.1	25.1
Software license updates & product support	Providing updated versions of software products, patches (modified programs), and technical support through the Internet and by phone, including My Oracle Support	45.9	47.8	46.8
Cloud & Software total		76.4	78.1	79.0
Hardware systems	Hardware Systems Products: Sales of servers, storage, engineered systems and network devices, and provides operating systems and related software. Hardware Systems Support: Providing technical support for hardware products, maintenance and repair services and updated versions of related software including operating systems.	13.1	11.3	9.7
Services	Providing Consulting Services, which help users implement our products, Advanced Support Customer Services, high-value added services such as preventive maintenance services, and Education Services, which consist of training of engineers and users and certification of technical qualifications	10.5	10.6	11.3
Total		100.0	100.0	100.0

(Note) Sales distribution ratios have been rounded off.

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4. 【Status of Associated Companies】

Associated companies are as follows:

Name	Address	Capital	Description of key business	Ownership ratio of voting rights (%)	Related details
(parent company) Oracle Corporation (note) 1	California, USA	28,950 Million USD	Development and sales of software and hardware, cloud services, and related services	74.4 (74.4) (Note) 3	Our company sells and offers software and hardware products and cloud services developed by the parent company and related services in Japan. Number of directors accepted: Two
Three other companies (note) 2	-	-	-	-	-

(Note) 1 The parent of our company in practical terms and a company that continues to disclose information on the New York Stock Exchange.

2 Details on these matters are as indicated in “VII 【Reference Information on Submitting Company】 1. Information on Parent Companies, etc. at Submitting Company.

3 Percentages for ownership ratios for voting rights indicate indirect ownership ratios included in the total.

5. 【Status of Employees】

(1) Status of submitting company

As of May 31, 2018

Number of employees	Average age	Average number of years of employment	Average annual remuneration (yen)
2,497	43.1	9.3	10,316,116

Name of segment	Number of employees
Cloud & software	1,426
Hardware systems	174
Services	713
All companies (common)	184
Total	2,497

(Note) 1. The number of employees indicated above include dispatched workers from other companies (377 workers) and employees on contract (2 employees). Dispatched workers and contracted employees are not included in the average age, average years of employment, or average yearly remuneration.

2. Average annual remuneration includes bonuses and ESOP taxable remuneration.

(2) Status of labor unions

While a labor union is not in place, the relationship between workers and management is smooth.

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II 【Status of Business】

1. 【Business Policies, Business Environment, Issues to be Dealt with, etc.】

(1) Our basic business policies

The Company practices a basic philosophy of creating new IT value and contributing to customer success and the development of society. The role of IT has been evolving from tools for operational efficiency and cost cutting, to business infrastructure that transforms corporate processes and business models.

The basic policy of the Company as a technology company is to help enhance the competitiveness and improve the performance of customers and provide for the greater convenience and development of society by delivering the most-advanced digital technologies such as cloud solutions.

(2) Targeted business indices

The Company aims to improve corporate value and return profits to shareholders by driving revenue, operating income and EPS.

(3) The Company's medium- and long-term management strategies and issues to be addressed

The company focuses as most important measures with its competitive advantage on the following three initiatives;

1. Big deals
2. Autonomous Upgrades
3. ERP Upgrades

2. 【Business Risks】

The following are some of the risks that have the potential of impacting the business performance, financial state, and other aspects of our company. Please note that the mention of items in this section concerning the future have been assessed by our company as of the date that this Securities Report is being submitted.

(1) Relationship with Oracle Corporation

Oracle Corporation is the parent company of our company in practical terms and we belong to the corporate group that is focused around it. The future development of our business may be impacted by its cloud business, other business strategies, or other such matters.

(i) Reliance on Oracle Corporation's Products and Technology

As we supply products and services from Oracle Corporation to the Japanese market, we are reliant on its products and technology. Thus, in the event that the launch of its new products or services or updated products or the integration of products acquired by the company should be delayed, a major flaw or defect exists, or the policy, etc. for supplying products, services, etc. has been changed, there is a possibility that the business performance, financial status, or other aspect of our company will be impacted.

(ii) Possibility of Changes in Rates of Royalty Fees or Scope of Application

Our company has an agreement with Oracle International Corporation, which maintains and administers intellectual property rights for our parent company Oracle Corporation, and a reciprocal sales agreement with Oracle Information Systems Japan, a subsidiary of Oracle Corporation. Based on these agreements, Oracle Corporation supplies our company with products for the Japanese market for which we pay Oracle International Corporation a certain percentage of sales for the pertinent products as royalty fees, as well as to Oracle Information Systems Japan for some products. Royalty rates and the scope of application are decided based on reasonable standards which are agreed upon by Oracle Corporation and the group companies that handle Oracle products. Changes in royalty rates or the scope of application due to changes in products or services supplied by Oracle Corporation, transfer pricing taxation or other factors have the potential to impact our business performance, financial status, and other such aspects.

Based on an agreement between Japanese and U.S. tax authorities pertaining to transfer pricing the royalty rates payable to Oracle International Corporation were increased as of the Fiscal Year ended May 31, 2011 period.

(iii) Relationship with Shared Service Center

Our company uses the shared service center which integrates and standardizes administration and management duties for the Oracle Group for the entire globe. Accounting work such as payments, the collection of accounts receivable, and

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payroll calculations and tasks for updating orders and contracts for support have been transferred to the center and in the event that the processing capacity of the center is exceeded or unforeseen events or other such events occur and the center becomes unable to offer appropriate services, the business performance of our company, its financial state, or other such aspect may be impacted.

(iv) System Failures due to Natural Disasters, etc.

We promote Global Single Instance (GSI), which improves work efficiency through system optimization and the unification of work procedures for the entire Oracle Group with a focus on Oracle Corporation. Accordingly, we share various internal systems such as computer servers, email, purchasing and procurement, etc. for saving text with Oracle Group companies. In the event that a failure or other incident should occur with the shared system due to earthquakes or other natural disasters both within and outside Japan, trouble would occur in our company's business activities and our business performance and future business deployment may possibly be impacted. In anticipation of such situations we have in place unique disaster response measures, a recovery plan, and data backup structure; periodically review the details, and have developed a Business Continuity Management Program that is common worldwide for the Oracle Group.

(2) Reliance on Specific Sales Segments

Our company has a high ratio comprising software and cloud sales (new software licenses, software license updates & product support, cloud (SaaS/PaaS/IaaS)) and a notable characteristic is that the contribution rate on earnings is high. A fall in sales in these areas may possibly impact our business performance, financial state, and other aspects of our company.

(3) Reliance on Indirect Sales (Partner Models)

Products and services are chiefly sold at our company through collaborations with partner companies such as hardware manufacturers, system integrators, and independent software developers. Our customers are varied across a broad spectrum of industry types and forms including the manufacturing industry, distribution, finance, communications, services, government and public offices, and education and their size is also diverse, from large companies to small-scale business operators. In order to answer to these broad customer needs in a fine-tuned manner, we rely on indirect sales through our partner companies, and sales from indirect sales comprise a large proportion of our results during this period. Thus, there is great significance for the future of our company to maintain stable, trusting relationships with our partner companies. The business performance, financial state or other aspect of our company could be impacted if, for example, our relationship with a certain partner company were to worsen, a competitor formed a strategic alliance with our partner company, or the financial state of a partner company became worse.

(4) Project Management

When a customer introduces our products, our company may on occasion supply a plan for their introduction, a plan for their system design, or offer customer support for the operation of their system, etc. While we make efforts to bolster project management for product quality and development periods and try to ensure comprehensive control over profitability, additional costs and penalties may be incurred due to delayed delivery if the customer departs from the initial plan and the progress of the project is delayed if they change their specifications, more work is incurred than initially estimated, etc., which could impact the business performance, financial state, or other aspect of our company.

(5) Execution of Cloud and Other Businesses

With regard to cloud (SaaS/PaaS/IaaS) services, we offer our customers software and system platform services from our data centers (including data centers of the Oracle Group). As for Managed Cloud Services, which is contained in cloud (SaaS/PaaS/IaaS), we offer the administration and operation of customer information systems at data centers of our parent company, partner companies, or our customers. These are the tasks to manage and operate information systems and important information which are associated with the core work of our customers and the business performance, financial state, or other aspect of our company may potentially be impacted by a claim for damage, etc. from the customer in the event of a suspension in a customer information system or important information leaks, etc. due to equipment failure, flawed responses in the event of a disaster, errors made by staff associated with management, or deliberate incidents induced by computer viruses, cyber attacks, hacking, unauthorized access by malicious third parties and operations and delays are incurred or opportunities are lost for the customer's business activities.

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(6) Potential for Intensified Competition

As competition is fierce and rapid advancements may be made in technological innovation in the information services industry in which we conduct business, the business performance, financial state, or other aspect of our company may potentially be impacted by movements within the industry or at competitor companies. For example, increased pressure to lower prices due to intensified competition, including new market entrants, launches of competitive new products by competitors, or strategic alliances between competitors may potentially impact the business performance, financial state, or other aspect of our company.

(7) Risks Involving Financial Instruments

As for the management and operation of funds, we follow the rules for the management and operation of funds set by our company (which conform to the global policy established by Oracle Corporation) and secure high levels of safety and appropriate fluidity, limiting our activities to investments in securities with high ratings and depositing our funds only at financial institutions that have achieved high ratings. As for investment securities, we periodically maintain a grasp of current market prices and the financial state of the issuers in an effort to reduce risks. However, there are still possibilities of impact on the business performance, financial state, or other aspect of our company in the event that the financial institution should collapse or a bond default, fall below value, or other such event should be incurred.

As to accounts receivable and other trade receivables, we oversee due dates for each transaction and manage balances in accordance with our credit management regulations (in line with the global policy established by Oracle Corporation) and regularly check credit statuses in an effort to reduce risks. However, there are possibilities of losses being incurred in the event that the financial situation for our transaction partners should worsen. Our policy is to refrain from trading derivatives.

(8) Future Acquisitions and Mergers

As part of the business strategy of our company or as part of a global business strategy of our parent company, there are possibilities that we may conduct mergers and acquisitions in the future. Accordingly, there are possibilities that companies or businesses thus acquired may not be integrated with our business in an effective and efficient way, that relationships with important customers, suppliers or other relevant parties of an acquired company may not be maintained, or that asset acquisition may be damaged to incur losses. Should such a situation be incurred, it may impact the business performance, financial state, or other aspect of our company.

(9) Management of Information

Our company is in possession of a large amount of personal information and confidential information pertaining to the execution of our business. We have in place comprehensive internal regulations and employee training and other control measures in place; however, the possibility of leaks cannot be ruled out completely and such a situation could impact our social credibility and also affect our business performance, financial state or other aspects of our company due to unexpected costs to be covered for response measures, compensation for damages, etc.

(10) Legal and Other Restrictions

Various laws and regulations are applied to the execution of our business. While we are fully prepared with an internal structure, employee training, etc. in order to follow such laws and regulations, etc., in the event that a lawsuit or legal procedures are taken against our company, there is a possibility that large amounts of litigation costs or compensation for damages may be incurred. Such a situation may possibly impact affect our business performance, financial state or other aspects of our company.

(11) Human Resources

It is the belief of our company that for the continuation, development, and growth of business, one of the most important business challenges is the hiring, development, and maintenance of human resources equipped with high levels of expertise (in sales, technology, and other areas). The information services industry in which we conduct business continues to compete over human resources and there tends to be a shortage of human resources. For that reason, the inability to adequately hire, develop, and maintain appropriate resources may possibly impact affect our business performance, financial state or other aspects of our company.

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3. 【Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows】

(Results of Business)

(1) Performance

During the fiscal year under review, which began on June 1, 2017 and ended on May 31, 2018 (hereinafter “this year”), despite the need for concern over overseas policy trends in the United States and elsewhere along with geopolitical risks, the economic environment in Japan continued to show a trend towards gradual improvement on the strength of fiscal and monetary policies.

In terms of social and corporate activity, it has become important to utilize digital technologies when tackling solutions to problems to cope with issues such as the shrinking productive-age population, globalization and the challenge of developing new businesses.

Similarly, the Japanese information services industry in which the Company operates enjoyed firm system renewal demand and solid IT investment aimed at corporate growth and boosting competitiveness, including investing in mobile solutions, improving efficiency through the use of IoT and other digital data, and strengthening contact points with end users.

In this business environment, there are growing needs for cloud services that enable flexible IT investment and agile system building. The Company will make use of cloud services and data as it strives to become an ideal partner, achieving innovation and supporting growth for client companies. Concurrently, the Company has been operating its business in accordance with its management policies of promoting Journey to the Cloud as an approach for encouraging clients to introduce cloud technologies, providing staff training to offer specialist knowledge for addressing the management issues of client companies.

As a result of these measures, the Company obtained large orders from a number of customers making strategic use of data in the areas of communication, public interest and manufacturing, especially in the third and fourth quarters (i.e. in the final six months of the fiscal year).

The Company posted revenue of 185,481 million yen (up 7.1 % year on year), operating income of 56,009 million yen (rising 6.6 %), ordinary income of 55,978 million yen (gaining 6.6 %) and net income of 38,751 million yen (increasing 6.6 %).

The Company attained the forecast range announced at the beginning of fiscal year, renewing record highs in revenue for the eighth consecutive year and in operating income, ordinary income and net income for the seventh straight year.

The results of each business segment are as follows:

[Cloud & Software]

* The Company has implemented an organizational change by integrating the New software licenses and cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment as the Cloud and software segment

Revenue in the Cloud & Software segment was 146,518 million yen, up 8.3 % from the corresponding period of the previous fiscal year, and operating income was 55,126 million yen, up 6.7 % year on year. Revenue in the Cloud (SaaS/PaaS/IaaS) was 13,203 million yen (rising 44.2 % year on year), revenue in the New software licenses was 46,557 million yen (rising 7.3 % year on year), and revenue in Software license updates & product support was 86,757 million yen (increasing 4.9 % year on year).

This segment consists of the New software licenses that sells new licenses for database management software, a range of middleware, and ERP and other business applications, etc. Software license updates & product support that updates software for customers using the Company’s software licenses and provides technical support, and Cloud (SaaS/PaaS/IaaS) provides services to access to select Oracle software applications, software platforms and resources of hardware via the Internet.

[Glossary]

- (1) SaaS: Stands for “Software as a Service,” and refers to services that offer financial accounting, salary/personnel management, and other functions of software that are provided via the Internet.
- (2) PaaS: Stands for “Platform as a Service,” and refers to services that offer database management software for the construction and operation of the IT systems and middle layer software that ensure the smooth linkage between different software that are provided via the Internet.
- (3) IaaS: Stands for “Infrastructure as a Service,” and refers to services that offer infrastructure that are provided via the Internet for the construction and operation of IT systems, such as server machines, storage devices, and other hardware and networks.
- (4) On-premises: A form of IT system developed and operated as the company’s possession.

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< Cloud (SaaS/PaaS/IaaS)>

In SaaS, demand continued to grow for the ERP and EPM Cloud that provides solutions for global indirect purchases and integrated accounting aimed at strengthening competitiveness and improving efficiency. The Company's strength in seamless coordination with existing systems, the fast implementation that is only possible with cloud solutions and the ability to extend functionality on PaaS have been recognized, the Company won projects for achieving a two-tier system consisting of the client's existing system and the ERP cloud newly introduced, as well as an innovation project involving the transfer of the existing system to the cloud, the additional development of a PaaS covering operations peculiar to the client, and its interconnection with the newly introduced ERP cloud.

Cloud services are advantageous in terms of ease of introduction, operation cost and access to IT systems in an up-to-date environment. For these reasons, the Company gains increasing orders from companies across a wide range of industries, including medium- and small-sized businesses.

Furthermore in the new fields, Ministry of Environment adopted "Opower Energy Efficiency Cloud Service" which is provided for public works, for achieving goals of measures against global warming.

This Cloud service helps autonomous Energy-saving behavior by providing energy-saving report based on behavioral science to each 300,000 family which 5 Energy Companies in Japan are in charge of.

Regarding PaaS/IaaS, in addition to usage for customers' new system development and verification applications, business inquiries have been on the rise for products that support device and system coordination and data processing for an IoT solution for the manufacturing sector, as well as Oracle Cloud at Customer that provides public IaaS and PaaS by installing the Oracle Cloud environment in customer data centers.

Additionally, in September 2017, the Company announced Bring Your Own License (BYOL), enabling customers to move their existing Oracle software licenses over to Oracle PaaS, as well as Universal Credits, which allows the use of all Oracle PaaS and IaaS by entering into a single and simple contract. The company has provided these programs which makes the cloud service purchasing methods and usage patterns more flexible, and is endeavoring to make them available to a wide range of customers.

In April 2018, the Company began offering Oracle Autonomous Data Warehouse Cloud, which incorporates machine learning for independently performing backups, optimization, and protection from attacks and recovery from trouble without human assistance. It will bring our customers to optimize system operation and facilitate the advanced use of data by automating complicated IT systems, thereby helping to reduce management and operation costs and create innovations and new business opportunities.

< New software licenses >

With Oracle Database 12c, the Company's flagship product, the utilization of multi-tenant functions makes it possible to integrate the database operating infrastructure, reducing the workload for maintenance and operational tasks and enabling a smooth transition to the cloud in the future. Demand for system solutions and IT system platform integration to accommodate growth in data volume remained firm, and the Company received large orders in the financial service, public service, manufacturing, telecommunication, and retail and distribution sectors. These orders came from customers pursuing a business strategy of making active use of data for business growth while seeking to improve the efficiency of IT system operations.

< Software license updates & product support >

The Company continued to highlight the quality of support offerings through "My Oracle Support", which provides personalized, proactive and preventative support experience. Meanwhile, it stepped up collaboration with partners and took steps to increase support attach rate to new products and maintain and boost the support contract renewal rate.

(Translation purposes only)

[Hardware Systems]

Revenue in the Hardware systems segment was 18,063 million yen, down 7.6 % from the corresponding period of the previous fiscal year, and operating income in here was 833 million yen, down 10.4 % year on year .

This segment consists of the Hardware systems product division which sells servers, storage, engineered systems and network devices, and provides operating systems and related software, and the Hardware systems support division which provides technical support for hardware products, maintenance and repair services and updated versions of related software including operating systems.

[Services]

Revenue in the Services segment was 20,898 million yen, gaining 13.8 % from the corresponding period of the previous fiscal year, and operating income in here was 4,912 million yen, up 6.0 % year on year.

This segment consists of Consulting Services, which support the introduction of products of the Company; Advanced Customer Support Services, which provide a preventive maintenance service and a comprehensive operation management service for customers' IT environments; and Education services, which provide training for engineers and users, and also encompasses a technology qualification business.

As for Consulting Services, the number of composite projects taking advantage of the Company's comprehensive product and service portfolio has increased steadily. They include projects for platform transition from the on-premise environment to the IaaS and PaaS environment and those for linkage with SaaS solutions such as the ERP cloud. In Education Services, there has been an increase in demand for training in Java aimed at cloud application development.

<Revenue breakdown by business segments>

Item	FY2017		FY2018		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
Cloud (SaaS/PaaS/IaaS)	9,159	5.3	13,203	7.1	44.2
New software licenses	43,386	25.1	46,557	25.1	7.3
Software license updates & product support	82,727	47.8	86,757	46.8	4.9
Cloud & Software	135,273	78.1	146,518	79.0	8.3
Hardware systems	19,551	11.3	18,063	9.7	-7.6
Services	18,365	10.6	20,898	11.3	13.8
Total	173,190	100.0	185,481	100.0	7.1

*Amount is rounded down. Composition ratio and year-to-year comparison (Variance) are rounded off.

(2) Cash Flow

The status of our cash flow for this period is as follows:

(Cash flows from operating activities)

Cash generated from operating activities was 50,881 million yen (increasing 7,794 million yen year on year). The inflow is attributable to the posting of income before income taxes of 56,082 million yen, an increase in advances received of 7,267 million yen. The outflows are attributable to the payment of 15,382 million yen in income taxes.

(Cash flows from investment activities)

Cash generated from investment activities was 42,778 million yen (increasing 26,655 million yen year on year). The inflows include the collection of previous year's loans receivable (90,300 million yen) from Oracle America, Inc., a subsidiary of Oracle Corporation (parent company of the Company). The outflows include a net increase in time deposits (46,000 million

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yen).

(Cash flows from financial activities)

Cash used for financial activities was 13,357 million yen (decreasing 53,471 million yen year on year). The outflow was primarily appropriated to the payment of dividends.

In total, cash and equivalents increased 80,301 million yen from the end of the previous term, to 118,326 million yen.

(Status of Production, Orders, and Sales)

(1) Production Results

Our production results by segment for this business year are as follows:

Segment	Amount (million yen)	Comparison to previous period (%)
Cloud & Software	68,455	10.9
Hardware systems	15,022	-5.3
Services	13,195	21.2
Total	96,673	9.2

(Note) 1 Amounts are based on sales costs.

2 The above figures do not include consumption tax or other taxes.

3 Reported segments have been changed from the current fiscal year. Details on these matters are as indicated in "V【Financial Status】 2. Financial Documents (1) Financial Statements [Notes to Financial Statements] (Segment Information)".

4 Comparison to previous period is calculated after reclassifying the year on year data according to the segmentation adopted after the change.

(2) Status of Orders

Our chief business is the sales of products developed by Oracle Corporation and supply of related services. As such, amounts which correspond to the concept of the production of individual orders have no importance and have been omitted.

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(3) Status of Sales

Segment	Sales (million yen)	Comparison to previous period (%)
Cloud & Software		
Cloud (SaaS/PaaS/IaaS)	13,203	44.2
New software licenses	46,557	7.3
Software license updates & product support	86,757	4.9
Cloud & Software total	146,518	8.3
Hardware Systems		
Hardware Systems total	18,063	-7.6
Services		
Services total	20,898	13.8
Total	185,481	7.1

(Note) 1 Ratios versus sales performance and corresponding sales performance at chief parties with whom we do business are as follows:

Parties with whom we conduct business	Previous business year		Current business year	
	Sales (million yen)	Ratio (%)	Sales (million yen)	Ratio (%)
NEC Corporation	18,390	10.6	26,374	14.2

2 The above amounts do not include consumption tax or other taxes.

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(Analysis and Consideration for the Status of Business Performance etc. from the Viewpoint of Management)

Recognition, analysis and consideration for the status of business performance etc. of the company from the viewpoint of management are as follows.

Notations under this item related to the future are items which have been assessed by our company as of the date of submission of this Securities Report.

(1) Important accounting policies and quotations

The various financial sheets, etc. of our company have been compiled based on accounting standards which are generally recognized as fair and reasonable in our country. The compilation of these financial sheets, etc. require assets and debts as of the final day of the period and hypotheses and estimates within the accounting period which could impact revenue and costs. While an estimate may have been considered reasonable based on past situations and experiences, they may vary from actual results due to changes in hypotheses or criteria.

(2) Analysis of Business Performance

(i) Revenue

Total revenue was 185,481 million yen (up 7.1% year on year), reflecting an increase in revenue in all segments excluding the Hardware systems segment. For the analysis of revenue by segment, please refer to “II Status of Business, 3. Analysis of Financial Status, Results of Operation, Cash Flow Status, Overview of Performance, etc. (1) Performance.”

(ii) Operating income and ordinary income

Operating income came to 56,009 million yen (up 6.6% year on year), exceeding the level in the previous fiscal year in all segments excluding the Hardware systems segment.

Total operating income increased, mainly reflecting the strong performance of the Software license updates & product support business, a highly profitable business, despite a decrease in operating income in the Hardware systems segment.

In terms of the cost of sales, royalties and expenses for the cloud business, such as outsourcing fees, rose in the Cloud & Software segment. In the Service segment, there was an increase in outsourcing expenses for consulting services.

As for selling, general and administrative expenses, personnel expenses increased mainly due to an increase in the number of personnel in the Cloud & Software segment.

Ordinary income stood at 55,978 million yen (up 6.6% year on year) as a result of posting non-operating expenses of 30 million yen (net) in non-operating income and expenses.

(iii) Current net earnings

As a result of appropriating ‘extraordinary profits-gain on reversal of subscription rights to shares’ (103 million yen) as extraordinary income, our current net income stood at 38,751 million yen (up 6.6% from the previous period).

(3) Analysis of financial status

(Assets)

Total current assets at the end of the fiscal year under review increased 36,992 million yen from the end of the previous fiscal year, to 192,290 million yen. This was mainly attributable to an increase in cash and deposits (126,301 million yen), in addition to a decrease in short-term loans receivable (90,300 million yen) due to the collection of a loan provided in the previous year to Oracle America, Inc., a subsidiary of Oracle Corporation (the Company’s parent company).

Total non-current assets at the end of the fiscal year under review stood at 44,218 million yen, an increase of 785 million yen from the end of the previous year. This was mainly due to an increase in deferred tax assets (906 million yen).

(Liabilities)

Total current liabilities at the end of the fiscal year under review increased 12,135 million yen from the end of the previous fiscal year, to 105,075 million yen. This was caused by an increase in advances received primarily

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for support and the cloud (7,267 million yen) and an increase in income taxes payable (2,717 million yen).

(Net assets)

Total net assets at the end of the fiscal year under review rose 25,642 million yen, to 131,425 million yen. This was primarily attributable to increases in both capital stock and capital surplus (725 million yen) due to the exercise of stock options, the posting of net income (38,751 million yen) and an increase in retained earnings (24,191 million yen) as a result of the payment of dividends (14,559 million yen). Consequently, the ratio of shareholders' equity stood at 55.5% (an increase of 2.6 percentage points from the end of the previous fiscal year).

Financial status by segment is not presented because the Company does not allocate assets and liabilities to each segment due to a management decision.

(4) Cash flow

For the state of cash flow during this period, please see II Status of Business 3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows (2) Cash Flow.

(5) Information about capital resources and liquidity of funds

Cash used by the Company consists primarily of operating costs such as the cost of sales, and selling, general and administrative expenses, as well as the payment of different types of taxes. The cost of sales mainly comprises royalties related to sales of the Cloud & Software, labor costs and outsourcing expenses in the cost sector, and the cost of goods purchased in the Hardware Systems segment. Cash used for other purposes mainly consists of capital spending related to the Cloud business as well as the payment of different types of taxes and dividends. Cash needed for these payments is self-financed using cash provided by operating activities.

Working capital (Note) as of May 31, 2018 amounts to 87,214 million yen.

The Company controls and manages cash according to its rules for cash control and management (the global policy set forth by Oracle Corporation), thereby ensuring high-level safety and appropriate liquidity.

The Company's dividend policy is presented in IV Status of Submitting Company 3 Policy on Dividends.

(Note) Working capital = Current assets – Current liabilities

(6) Analysis about factors that have a significant influence on business performance

In our company, various factors described in II Status of Business 2 Business Risks may affect our business performance.

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4 . 【Important Agreements for Business, etc.】

(1) Agreement with subsidiary of parent company

(i) Agency Agreement with Oracle International Corporation

Name of agreement	Agreement for sales agent services
Date of agreement	March 1, 2002 (note)
Period under agreement	Took effect as of March 1, 2002 and will continue indefinitely in principle unless significant changes are incurred in Oracle Corporation's right to exercise control over our company.
Agreement signed with:	Oracle International Corporation (California, USA)
Description of agreement	(i) Oracle International Corporation appoints our company as a general agent for Oracle products in the Japanese market. (ii) Oracle International Corporation grants the items below to our company: (a) The right to promote sales, advertise, and license Oracle products to end users within Japan. (b) The right to appoint secondary agencies within Japan and grant said secondary agencies licenses for the use of Oracle products. (c) The right to modify program source codes to adapt Oracle products to the Japanese market. (d) The right to use trademarks for which Oracle International Corporation has the rights for the purpose of promoting sales, advertising, and licensing Oracle products in the Japanese market. (iii) Our company will pay a certain ratio of sales from our contracted parties to Oracle International Corporation as royalties. (note)

(Note) Based on an agreement pertaining to transfer pricing between the tax authorities of Japan and the United States, an agreement on changes in royalty rates was signed on May 9, 2011.

(ii) - (a) Agency Agreement with Oracle Information Systems Japan G.K. (software)

Name of agreement	Agreement for sales agent services (Oracle partner agreement)
Date of agreement	August 13, 2007
Period under agreement	Took effect as of June 1, 2007 and to continue to be in effect unless one of the parties under the agreement requests an annulment 30 days in advance.
Agreement signed with:	Oracle Information Systems Japan G.K. (Minato-ku, Tokyo)
Description of agreement	(i) To sell products from companies acquired by the parent company, offer technical support, etc. to end users within Japan and to sales agents. (ii) To pay a certain ratio of sales from contracted parties as royalties.

(Note) Our company and Oracle Information Systems Japan G.K. are under a reciprocal sales agent agreement.

(ii) - (b) Agency Agreement with Oracle Information Systems Japan G.K. (hardware)

Name of agreement	Agreement for sales agent services (Oracle partner agreement)
Date of agreement	June 7, 2011
Period under agreement	Took effect as of June 1, 2010 and to continue to be in effect unless one of the parties under the agreement requests an annulment 90 days in advance.
Agreement signed with:	Oracle Information Systems Japan G.K. (Minato-ku, Tokyo)
Description of agreement	(i) Oracle Information Systems Japan G.K. appoints our company as its agent in Japan for the sale of hardware system products and related services. (ii) Our company is to make purchases related to hardware system products and related services from Oracle Information Systems Japan G.K. at certain amounts.

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(2) Agency Agreement with Partners

Oracle partner agreement

Our company has signed sales agency agreements with sales agents (partners), our partners sell products from our company to end users, and we have granted them the right to offer technical support to end users (excluding cloud services). Main items are as indicated below:

Partner	Applicable products	Date of agreement	Period under agreement
NEC Corporation	Software	May 29, 2018	From June 1, 2018 to August 31, 2018 (renewal procedures underway)
	Hardware		
	Cloud services		
	Primary maintenance services and SI support services for engineered system products		
Fujitsu Limited	Software	May 11, 2016	Until December 31, 2021
	Hardware		
	Cloud services		
	Primary maintenance services and SI support services for engineered system products		

5. 【R&D Activities】

Our company does not conduct its own research and development activities as its key business is the sale of products developed by Oracle Corporation in the domestic market and the offer of related services.

While product research and development is conducted with Oracle Corporation as the integral body, through close cooperation with Oracle Corporation and our company participating from the preliminary stages of the development of new products, product development is underway to match the Japanese market.

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III 【Status of Facilities/Equipment】

1. 【Overview of Capital Investment, etc.】

The total amount for facility investment during this period stands at 1,590 million yen. They primarily comprise purchases of computer equipments. The total amount for facility investment includes the payment of guarantee deposits. Also, as key facilities are shared by each segment, a list of facility investment by segment has been omitted.

2. 【Status of Key Facilities/Equipment】

Office	Description of facility	Book value (million yen)					Number of employees
		Building	Land (size in sq. meters)	Tools, equipment, and fixtures	Other	Total	
Head office (Minato-ku, Tokyo)	Facility for integrated operations Sales facility	10,571	26,057 (6,449)	737	3	37,370	1,319
Akasaka office (Minato-ku, Tokyo)	Sales facility	34	—	117	0	152	995

(Note) 1 The above amounts do not include consumption tax or other taxes.

2 The land size indicated is the total site area. The share of this site area owned by our company is 1,984,560/ 2,902,571 for a lot size of 4,410 square meters.

3 An office building is being rented for the Akasaka office; the rental fee for the subjected business year is 330 million yen.

4 Listings by segment have been omitted as key facilities are shared by each segment.

3. 【Plans for Development of New Facilities, Removals, etc.】

(1) New developments, etc. of important facilities

There are no pertaining items.

(2) Removal of Important Facilities/ Equipment

There are no plans for the removal, etc. of important facilities with the exception of removals, etc. for the updating of routine facilities.

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IV 【Status of Submitting Company】

1. 【Status of stocks, etc.】

(i) 【Number of shares】

Type	Number of shares authorized to issue(stocks)
Common Stock	511,584,909
Total	511,584,909

(ii) 【Number of outstanding shares】

Type	Number of outstanding shares at end of fiscal year (shares) (May 31, 2018)	Number of outstanding shares on reporting date (shares) (Note) 1 (August 21, 2018)	Name of financial instruments exchange or name of registered authorized financial instruments firms association	Details
Common Stock	128,019,371	128,038,871	Tokyo Stock Exchange First Section	(Note) 2
Total	128,019,371	128,038,871	-	-

(Note) 1 “Number of outstanding shares on reporting date” does not include the number of shares issued by the exercise of share warrants from August 1, 2018 to the date of submission of this Securities Report.

2 The Company’s standard stock whose rights are not subject to any restrictions. Share unit is 100 shares.

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(2) 【Status of share warrants, etc.】

(i) Details of Stock Option System

Share warrants : Share warrants issued based on the Corporate Law are as follows.

(a) Issue of share warrants to employees based on the resolution of the August 22, 2008 General Meeting of Shareholders (resolution of September 30, 2008 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	387 share warrants	303 share warrants
Classification and number of grantees	472 of Employees, 3 of Directors, 2 of Outside Directors	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 38,700	Same as left 30,300
Payment amount when exercising share warrants (Note) 2	4,787 yen	Same as left
Exercise period of share warrants	From October 15, 2010 to September 30, 2018	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 5,523 yen Capitalization amount 2,762 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 30, 2008 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue.

If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}} \times 1$$

4,787 yen was set as a result of comparing the closing price (4,110 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2008) of the average price prior to the month to which the date of issue (October 15, 2008) belongs, with the average price (4,787 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after October 15, 2010.
- (ii) Recipients may exercise all of the allocated rights after October 15, 2012.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (4,787 yen) and fair evaluation unit price (736 yen) in the issue of share warrants.

(Translation purposes only)

(b) Issue of share warrants to employees based on the resolution of the August 27, 2009 General Meeting of Shareholders (resolution of September 25, 2009 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	330 share warrants	313 share warrants
Classification and number of grantees	478 of Employees, 2 of Outside Directors, 2 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 33,000	Same as left 31,300
Payment amount when exercising share warrants (Note) 2	3,930 yen	Same as left
Exercise period of share warrants	From October 15, 2011 to September 25, 2019	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 4,579 yen Capitalization amount 2,290 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 25, 2009 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}}$$

3,930 yen was set as a result of comparing the average (3,812 yen) of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2009) prior to the month to which the date of issue (October 15, 2009) belongs, with the closing price (3,930 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after October 15, 2011.
- (ii) Recipients may exercise all of the allocated rights after October 15, 2013.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (3,930 yen) and fair evaluation unit price (649 yen) in the issue of share warrants.

(Translation purposes only)

(c) Issue of share warrants to employees based on the resolution of the August 26, 2010 General Meeting of Shareholders
(resolution of September 22, 2010 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	617 share warrants	577 share warrants
Classification and number of grantees	460 of Employees, 2 of Outside Directors, 2 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 61,700	Same as left 57,700
Payment amount when exercising share warrants (Note) 2	4,338 yen	Same as left
Exercise period of share warrants	From October 15, 2012 to September 22, 2020	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 4,872 yen Capitalization amount 2,436 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 22, 2010 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{1} \times \text{Ratio of stock split or reverse stock split}$$

4,338 yen was set as a result of comparing the closing price (3,665 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2010) of the average price prior to the month to which the date of issue (October 15, 2010) belongs, with the average price (4,338 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after October 15, 2012.
- (ii) Recipients may exercise all of the allocated rights after October 15, 2014.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (4,338 yen) and fair evaluation unit price (534 yen) in the issue of share warrants.

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(d) Issue of share warrants to employees based on the resolution of the August 25, 2011 General Meeting of Shareholders
(resolution of September 13, 2011 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	332 share warrants	322 share warrants
Classification and number of grantees	255 of Employees, 2 of Outside Directors, 2 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 33,200	Same as left 32,200
Payment amount when exercising share warrants (Note) 2	2,698 yen	Same as left
Exercise period of share warrants	From September 28, 2013 to September 13, 2021	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 3,222 yen Capitalization amount 1,611 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 13, 2011 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}} \times \frac{1}{\text{Ratio of stock split or reverse stock split}}$$

2,698 yen was set as a result of comparing the average (2,489 yen) of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2011) prior to the month to which the date of issue (September 28, 2011) belongs, with the closing price (2,698 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 28, 2013.
- (ii) Recipients may exercise all of the allocated rights after September 28, 2015.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (2,698 yen) and fair evaluation unit price (524 yen) in the issue of share warrants.

(Translation purposes only)

(e) Issue of share warrants to employees based on the resolution of the August 24, 2012 General Meeting of Shareholders
(resolution of September 12, 2012 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	687 share warrants	674 share warrants
Classification and number of grantees	201 of Employees, 2 of Outside Directors, 2 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 68,700	Same as left 67,400
Payment amount when exercising share warrants (Note) 2	4,025 yen	Same as left
Exercise period of share warrants	From September 28, 2014 to September 12, 2022	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 4,853 yen Capitalization amount 2,426 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 12, 2012 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}}$$

4,025 yen was set as a result of comparing the average (3,698 yen) of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2012) prior to the month to which the date of issue (September 28 2012) belongs, with the closing price (4,025 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 28, 2014.
- (ii) Recipients may exercise all of the allocated rights after September 28, 2016.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (4,025 yen) and fair evaluation unit price (828 yen) in the issue of share warrants.

(Translation purposes only)

(f) Issue of share warrants to employees based on the resolution of the August 23, 2013 General Meeting of Shareholders (resolution of September 13, 2013 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	782 share warrants	761 share warrants
Classification and number of grantees	202 of Employees, 2 of Directors, 3 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 78,200	Same as left 76,100
Payment amount when exercising share warrants (Note) 2	3,942 yen	Same as left
Exercise period of share warrants	From September 30, 2015 to September 13, 2023	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 4,590 yen Capitalization amount 2,295 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 13, 2013 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{1} \times \text{Ratio of stock split or reverse stock split}$$

3,942 yen was set as a result of comparing the closing price (3,660 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2013) of the average price prior to the month to which the date of issue (September 30, 2013) belongs, with the average price (3,942 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 30, 2015.
- (ii) Recipients may exercise all of the allocated rights after September 30, 2017.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (3,942 yen) and fair evaluation unit price (648 yen) in the issue of share warrants.

(Translation purposes only)

(g) Issue of share warrants to employees based on the resolution of the August 21, 2014 General Meeting of Shareholders
(resolution of September 16, 2014 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	158 share warrants	156 share warrants
Classification and number of grantees	268 of Employees, 2 of Directors, 2 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 15,800	Same as left 15,600
Payment amount when exercising share warrants (Note) 2	4,280 yen	Same as left
Exercise period of share warrants	From September 30, 2016 to September 16, 2024	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 5,156 yen Capitalization amount 2,578 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 16, 2014 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}}$$

4,280 yen was set as a result of comparing the average (4,275 yen) of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2014) prior to the month to which the date of issue (September 30, 2014) belongs, with the closing price (4,280 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 30, 2016.
- (ii) Recipients may exercise all of the allocated rights after September 30, 2018.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (4,280 yen) and fair evaluation unit price (876 yen) in the issue of share warrants.

(Translation purposes only)

(h) Issue of share warrants to employees based on the resolution of the August 21, 2014 General Meeting of Shareholders (resolution of July 17, 2015 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	28 share warrants	14 share warrants
Classification and number of grantees	1 of Employee	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 2,800	Same as left 1,400
Payment amount when exercising share warrants (Note) 2	5,335 yen	Same as left
Exercise period of share warrants	From July 31, 2017 to September 16, 2024	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 6,224 yen Capitalization amount 3,112 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

- (Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the July 17, 2015 Meeting of Board of Directors from which those whose rights have been lost are deducted.
- 2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.
- $$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{1} \times \text{Ratio of stock split or reverse stock split}$$
- 5,335 yen was set as a result of comparing the closing price (5,220 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (June 2015) of the average price prior to the month to which the date of issue (July 31, 2015) belongs, with the average price (5,335 yen) on the date of issue.
- 3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.
- (2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:
- (i) Recipients may exercise half of the allocated rights after July 31, 2017.
- (ii) Recipients may exercise all of the allocated rights after July 31, 2019.
- (3) If the person allocated rights dies, the heir can exercise the rights.
- 4 Assignment of rights, attachment or other disposal methods are not allowed.
- 5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (5,335 yen) and fair evaluation unit price (889 yen) in the issue of share warrants.

(Translation purposes only)

(i) Issue of share warrants to employees based on the resolution of the August 21, 2015 General Meeting of Shareholders
(resolution of September 16, 2015 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	370 share warrants	368 share warrants
Classification and number of grantees	47 of Employees, 1 of Outside Director	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 37,000	Same as left 36,800
Payment amount when exercising share warrants (Note) 2	5,200 yen	Same as left
Exercise period of share warrants	From September 30, 2017 to September 16, 2025	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 6,047 yen Capitalization amount 3,024 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 16, 2015 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{1} \times \text{Ratio of stock split or reverse stock split}$$

5,200 yen was set as a result of comparing the closing price (5,040 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2015) of the average price prior to the month to which the date of issue (September 30, 2015) belongs, with the average price (5,200 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 30, 2017.
- (ii) Recipients may exercise all of the allocated rights after September 30, 2019.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (5,200 yen) and fair evaluation unit price (847 yen) in the issue of share warrants.

(Translation purposes only)

(j) Issue of share warrants to employees based on the resolution of the August 24, 2016 General Meeting of Shareholders
(resolution of September 21, 2016 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	370 share warrants	368 share warrants
Classification and number of grantees	47 of Employees, 1 of Director	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 37,000	Same as left 36,800
Payment amount when exercising share warrants (Note) 2	5,962 yen	Same as left
Exercise period of share warrants	From October 5, 2018 to September 21, 2026	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 6,934 yen Capitalization amount 3,467 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 21, 2016 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{1} \times \text{Ratio of stock split or reverse stock split}$$

5,962 yen was set as a result of comparing the closing price (5,680 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2016) of the average price prior to the month to which the date of issue (October 5, 2016) belongs, with the average price (5,962 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after October 5, 2018.
- (ii) Recipients may exercise all of the allocated rights after October 5, 2020.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (5,962 yen) and fair evaluation unit price (972 yen) in the issue of share warrants.

(Translation purposes only)

(k) Issue of share warrants to employees based on the resolution of the August 23, 2017 General Meeting of Shareholders
(resolution of September 21, 2017 Meeting of Board of Directors)

	As of end of fiscal year (May 31, 2018)	As of end of prior month of reporting date (July 31, 2018)
Number of share warrants (Note)1	268 share warrants	268 share warrants
Classification and number of grantees	27 of Employees	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 26,800	Same as left 26,800
Payment amount when exercising share warrants (Note) 2	8,940 yen	Same as left
Exercise period of share warrants	From October 12, 2019 to September 21, 2027	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 10,585 yen Capitalization amount 5,293 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 21, 2017 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\frac{1}{\text{Ratio of stock split or reverse stock split}}}$$

8,940 yen was set as a result of comparing the closing price (8,940 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2017) of the average price prior to the month to which the date of issue (October 12, 2017) belongs, with the average price (8,227 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after October 12, 2019.
- (ii) Recipients may exercise all of the allocated rights after October 12, 2021.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (8,940 yen) and fair evaluation unit price (1,645 yen) in the issue of share warrants.

(Translation purposes only)

(ii) 【Details of rights plan】

Not applicable.

(iii) 【Other status of Stock Option.】

Not applicable.

(3) 【Status of exercising certificates of bonds with share warrants with exercise price revision clause, etc.】

Not applicable.

(4) 【Trends with number of outstanding shares, capital, etc.】

Date	Number of outstanding shares increase/decrease (shares)	Number of outstanding shares balance (shares)	Capital stock increase/decrease (million yen)	Capital stock balance (million yen)	Legal capital surplus Increase/decrease (million yen)	Legal capital surplus balance (million yen)
From June 1, 2013 to May 31, 2014 (Note)	104,300	127,202,871	202	22,506	202	5,857
From June 1, 2014 to May 31, 2015 (Note)	106,100	127,308,971	236	22,743	236	6,094
From June 1, 2015 to May 31, 2016 (Note)	203,000	127,511,971	466	23,209	466	6,560
From June 1, 2016 to May 31, 2017 (Note)	216,700	127,728,671	545	23,755	545	7,106
From June 1, 2017 to May 31, 2018 (Note)	290,700	128,019,371	725	24,480	725	7,831

(Note) Increase due to the exercise of share warrants.

(5) 【Status by owner】

As of May 31, 2018

Item	Status of stock (Share unit is 100 shares)								Status of share less than one unit (shares)
	Government and local public bodies	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals, etc.	Total	
					Other than individuals	Individual			
No. of shareholders (people)	0	50	32	307	541	18	20,499	21,447	-
No. of shares held (Units)	0	72,378	11,526	2,954	1,128,098	47	62,219	1,277,222	297,171
Percentage of shares held (%)	0.0	5.7	0.9	0.2	88.3	0.0	4.9	100.0	-

(Note) 1 The 11,025 shares of the treasury stock includes 110 units in “Individuals, etc.” and 25 shares in “Status of share less than one unit”.

2 Stocks in the name of Japan Securities Depository Center includes 20 units in “Other corporations” and 50 shares in “Status of share less than one unit”.

3 The Company’s stocks held by The Master Trust Bank of Japan as the trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust indicated include 697 units and 225 units respectively in “Financial institutions”. The Company is processing these stocks as treasury stocks.

(Translation purposes only)

(6) 【Status of major shareholders】

As of May 31, 2018

Name	Address	No. of shares held (1000 shares)	Percentage of shares held versus total number of outstanding shares (excluding treasury stocks)
ORACLE JAPAN HOLDING,INC. Standing proxy SMBC NIKKO SECURITIES INC. The Master Trust Bank of Japan, Ltd. (Trust account)	500 Oracle Parkway, Redwood Shores, California, U.S.A (1-5-55 Kiba, Koto-ku, Tokyo)	94,967	74.2
Japan Trustee Services Bank, Ltd. (Trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	1,735	1.4
STATE STREET BANK AND TRUST COMPANY 505001	P.O.BOX351 BOSTON MASSACHUSETTS 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	1,418	1.1
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	1,218	1.0
STATE STREET BANK AND TRUST COMPANY	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1 Nihombashi, Chuo-ku, Tokyo)	956	0.7
SMBC Nikko Securities, Inc. Trust & Custody Services Bank, Ltd. (Trust account #5)	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	638	0.5
Trust & Custody Services Bank, Ltd. (Trust account #7)	1-8-11 Harumi, Chuo-ku, Tokyo	611	0.5
RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT	1-8-11 Harumi, Chuo-ku, Tokyo	564	0.4
	7TH FLOOR, 155 WELLINGTON STREET WEST TORONTO, ONTARIO, CANADA, M5V 3L	512	0.4
Total		104,075	81.3

(Note) Of the above no. of shares owned, shares related to trust business are as follows.

Japan Trustee Services Bank, Ltd.	4,164 thousand shares
The Master Trust Bank of Japan, Ltd.	1,638 thousand shares

(Translation purposes only)

(7) 【Status of voting rights】

(i) 【Number of outstanding shares】

As of May 31, 2018

Item	No. of shares(shares)	No. of voting rights (no.)	Details
Nonvoting stock	-	-	-
Stock with restricted voting right (Treasury stock, etc.)	-	-	-
Stock with restricted voting right (Others)	-	-	-
Stocks with full voting rights (Treasury stock, etc.)	(Own shares) Common stock 11,000	-	-
Stocks with full voting rights (Others)	Common stock 127,711,200	1,277,112	-
Share less than one unit	Common stock 297,171	-	-
Number of outstanding shares	128,019,371	-	-
Voting rights of shareholders	-	1,277,112	-

(Note) "Stocks with full voting rights (Others)" include 2,000 stocks in the name of Japan Securities Depository Center (20 stocks with voting rights), 22,500 company stocks held by the BIP Trust and 69,700 stocks held by the ESOP Trust.

(ii) 【Treasury stock, etc. 】

As of May 31, 2018

Name of owner	Addresses of owner	No. of shares held in own name(shares)	No. of shares held in another name (shares)	No. of shares held (shares)	Percentage of shares held versus total number of outstanding shares (%)
(Own shares) Oracle Corporation Japan	2-5-8 Kita-Aoyama, Minato-ku, Tokyo	11,000	-	11,000	0.0
Total	-	11,000	-	11,000	0.0

(Note) The trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust, which are the 22,500 stocks and 69,700 stocks held respectively by The Master Trust Bank of Japan (2-11-3, Hamamatsucho, Minato-ku, Tokyo) are not included in the above treasury stock, etc.

(Translation purposes only)

(8) 【Details of Directors and Executive Officers, and Employee Stock Ownership Plan】

(BIP Trust)

(i) Outline of this plan

The Company has established a trust by contributing funds to acquire the Company's shares, with the directors and executive officers who have met certain requirements as beneficiaries, among those who have elected to use the BIP Trust. The trust will acquire a certain number of the Company's shares that are expected to be delivered to the relevant directors and executive officers from the stock market during the predetermined acquisition period based on the pre-established Regulations for Share Regulations for Shares Distribution of the Company. Then, the trust will deliver the number of the Company's shares to the directors and executive officers as compensation every year according to the business performance, etc. of the Company during the trust period pursuant to the provisions of the Regulations for Share Regulations for Shares Distribution.

(ii) Total amount of shares to be acquired by BIP Trust

The BIP Trust (The Master Trust Bank of Japan) acquired 13,200 shares, 63 million yen in the 30th business term, and 38,400 shares, 228 million yen in the 32nd business term. Plans for future acquisitions are undecided.

(iii) Scope in which beneficiary rights and other rights can be received under the BIP Trust

Limited to the Company's directors and executive officers who have met certain requirements.

(ESOP Trust)

(i) Outline of this plan

The Company has established a trust by contributing funds to acquire the Company's shares, with the employees who have met certain requirements as beneficiaries, among those who have elected to use the ESOP Trust. The trust will acquire a certain number of the Company's shares that are expected to be delivered to the relevant employees from the stock market during the predetermined acquisition period based on the pre-established Regulations for Share Regulations for Shares Distribution of the Company. The trust will then deliver the number of the Company's shares to the employees on a certain day every year according to the degree of their contribution to the business performance, etc. of the Company pursuant to the provisions of the Regulations for Share Regulations for Shares Distribution.

(ii) Total amount of shares to be acquired by ESOP Trust

The ESOP Trust (The Master Trust Bank of Japan) acquired 40,800 shares, 195 million yen in the 30th business term, and 100,700 shares, 598 million yen in the 32nd business term. Plans for future acquisitions are undecided.

(iii) Scope in which beneficiary rights and other rights can be received under the ESOP Trust

Limited to the Company's employees who have met certain requirements.

(Translation purposes only)

2. 【Status of acquisition of self-owned stocks, etc.】

【Types of shares, etc.】

Purchase of common stocks in accordance with Corporate Law Article 155-7.

(1) 【Status of purchase based on resolution of General Meeting of Shareholders】

Not applicable.

(2) 【Status of purchase based on resolution of Meeting of Board of Directors】

Not applicable.

Does not include the Company's own stock purchased by the ESOP Trust account and BIP Trust account, following the introduction of the ESOP Trust and BIP Trust.

(3) 【Details of purchase based on resolutions of General Meeting of Shareholders and Meeting of Board of Directors】

Category	No. of shares(shares)	Total amount (yen)
Treasury stock purchased in current fiscal year	1,050	9,497,000
Treasury stock purchased in current term	100	849,500

(Note) 1 The treasury stocks purchased in the current term do not include those purchased by the share purchase demands of shares less than one unit between August 1, 2018 and the date of submission of this Securities Report.

2 The number of treasury stocks purchased does not include the number of shares purchased by the BIP Trust and ESOP Trust.

(4) 【Status of handling and ownership of purchased treasury stocks】

Category	Current fiscal year		Current term	
	Number of shares	Total disposal price (yen)	Number of shares	Total disposal price (yen)
Purchased treasury stocks for which subscribers will solicited	-	-	-	-
Purchased treasury stocks that were disposed	-	-	-	-
Purchased treasury stocks transferred in relation with merger, share exchange, or company split	-	-	-	-
Others	-	-	-	-
Number of owned treasury stocks	11,025	-	11,125	-

(Note) 1 The number of shares and total disposal price of the current term do not include the shares that were disposed between August 1, 2018 and the date of submission of this Securities Report, and their price.

2 The number of owned treasury stocks in the current month does not include those purchased by the purchase of shares less than one unit between August 1, 2018 and the date of submission of this Securities Report.

3 The number of owned treasury stocks does not include that owned by the BIP Trust (22,542 shares at the end of the current fiscal year) and that owned by the ESOP Trust (69,735 shares at the end of the current fiscal year).

(Translation purposes only)

3. 【Policy on Dividends】

The Company recognizes that one of its most important business missions is to enhance corporate value and distribute profits to shareholders.

The basic policy for the distribution of surplus is to provide a return to shareholders through dividends, while ensuring management flexibility by comprehensively taking into account the balance between the cash required for the Company's business plan, business results, and cash flows.

For dividends for the fiscal year under review, an annual dividend of 121 yen per share was paid.

The Company prescribes the following in the Articles of Incorporation; “interim dividends can be paid with the November 30 of each year as the reference date based on the resolution of the Meeting of Board of Directors” and “surpluses can be distributed, etc. based on the resolution of the Meeting of Board of Directors in accordance with the provisions of Corporate Law Article 459-1”.

The distribution of surpluses related to this current term is as follows.

Date of resolution	Total amount of dividend (million yen)	Dividend per share (yen)
July 24, 2018 Meeting of Board of Directors	15,489	121

4. 【Stock Price Movements】

(1) 【Maximum/minimum stock prices by fiscal year in last five years】

Term	29 th	30 th	31 st	32 nd	33 rd
Account closing month/year	May 2014	May 2015	May 2016	May 2017	May 2018
Maximum (yen)	4,770	5,650	6,480	6,910	10,640
Minimum (yen)	3,485	3,890	4,650	5,270	6,380

(Note) The maximum and minimum stock prices are those of the First Section of the Tokyo Stock Exchange.

(2) 【Maximum/minimum stock prices by month for last six months】

Month	December 2017	January 2018	February 2018	March 2018	April 2018	May 2018
Maximum (yen)	10,640	9,830	9,280	8,930	9,350	9,360
Minimum (yen)	9,290	8,780	8,100	8,080	8,650	8,160

(Note) The maximum and minimum stock prices are those of the First Section of the Tokyo Stock Exchange.

(Translation purposes only)

5. 【Status of Directors】

(1) Status of Directors (Board of Directors and Executive Officers) as of August 21, 2018 (the filing date of this report)

Male directors 9 and Female director 1 (Female directors make up 10.0%)

(a) Status of directors

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	-	Frank Obermeier	February 22, 1968	Jul. 1991 Joined Hewlett Packard Germany Aug. 1993 Joined Computer 2000 (TechData) Germany Apr. 1995 Joined Oracle Germany Dec. 1996 Owner and Managing Director OMEGA IT Solutions Germany Jan. 2000 Unit.Net Switzerland, VP Sales Nov. 2003 Joined Avaya Germany, Sales Director Nov. 2005 Avaya EMEA, Director Service Customer Operations Jan. 2007 Dell Germany, General Manager Global Segment Jan. 2009 Dell Area VP Global Segment, Central Europe Jun. 2010 Teleplan International Netherlands, Executive VP Sales Mar. 2011 Hewlett Packard Germany, General Manager PPS Apr. 2013 Hewlett Packard Switzerland, COO PPS Apr. 2014 Hewlett Packard United States, VP WW Channel Sales Feb. 2015 Joined Oracle Germany, VP Technology Sales Business Unit Jun. 2017 Chief Executive Officer of Oracle Corporation Japan Aug. 2017 Director, Chief Executive Officer of Oracle Corporation Japan Apr. 2018 Director, President and Chief Executive Officer of Oracle Corporation Japan (Current position)	(Note)2	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	-	Shigeru Nosaka	September 12, 1953	<p>Apr. 1976 Joined Marubeni Corporation</p> <p>Dec. 1989 Joined Apple Computer, Inc.</p> <p>Mar. 1996 Joined Allergan Inc.</p> <p>Nov. 1996 Joined Japan Communication Inc. Senior Executive Officer, Chief Financial Officer</p> <p>Apr. 2002 Joined Oracle Corporation Japan Vice President under direct control of CEO, Financial Affairs</p> <p>Aug. 2002 Director, Senior Executive Officer, Chief Financial Officer, Director of Finance Division</p> <p>Jun. 2004 Director, Executive Vice President, Chief Financial Officer, Finance/Infrastructure Development/Application IT, Director of Finance</p> <p>Oct. 2007 Executive Vice President, Chief Financial Officer, Finance, IT and General Affairs, Director of Finance of Oracle Corporation Japan</p> <p>Aug. 2008 Director, Senior Corporate Executive Officer Chief Financial Officer, Finance, Facility, IT, Internal Audit</p> <p>Jun. 2009 Director, Senior Corporate Executive Officer Chief Financial Officer, Administration</p> <p>Jun. 2011 Director, Executive Officer Deputy President, Chief Financial Officer (Current position)</p> <p>Jun. 2015 Outside Director, YAMAHA CORPORATION (Current position)</p>	(Note)2	2
Director	-	S. Krishna Kumar	March 21, 1968	<p>May. 1996 Oracle India Private Limited</p> <p>Feb. 2014 Vice President Finance, Oracle Corporation Japan and GFIC (Current position)</p> <p>Aug. 2014 Corporate Executive Officer of Oracle Corporation Japan (Current position)</p> <p>Aug. 2017 Director of Oracle Corporation Japan (Current position)</p>	(Note)2	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	Audit Committee Member Compensation Committee Member	Edward Paterson	October 7, 1963	<p>Jun. 1988 Joined Federal Reserve Bank of St. Louis</p> <p>May. 1994 Joined Anheuser-Busch Companies (Currently, Anheuser-Busch InBev)</p> <p>Apr. 1999 Director, Anheuser-Busch Japan (An Anheuser-Busch and Kirin Holdings Company Joint Venture)</p> <p>Jun. 2000 Vice President Foreign Exchange and Interest Rate Derivatives, U.S. Bancorp</p> <p>Nov. 2001 Director of Treasury, Oracle Corporation</p> <p>Jul. 2005 Senior Director of Treasury, Oracle Corporation</p> <p>Jun. 2008 Joined International Game Technology</p> <p>Sep. 2009 Senior Director of Treasury, Oracle Corporation</p> <p>Mar. 2010 Assistant Treasurer, Oracle Corporation</p> <p>Sep. 2012 Vice President and Assistant Treasurer, Oracle Corporation (Current position)</p> <p>Aug. 2016 Director of Oracle Corporation Japan (Current position)</p>	(Note)2	-
Director	Nomination Committee Member	Kimberly Woolley	April 4, 1972	<p>Oct. 1998 Associate at law firm Sullivan & Cromwell</p> <p>Sep. 2000 Associate at law firms Gibson, Dunn & Crutcher</p> <p>Jan. 2008 Corporate Counsel for Franklin Templeton Investments</p> <p>May 2009 Senior Corporate Counsel of Oracle Corporation</p> <p>Oct. 2009 Managing Counsel and Assistant Secretary of Oracle Corporation</p> <p>July 2012 Director, Associate General Counsel of Williams-Sonoma, Inc.</p> <p>Oct. 2014 Member, Board of Trustees of Ripon College (Current position)</p> <p>Dec. 2014 Assistant General Counsel and Assistant Secretary of Oracle Corporation (Current position)</p> <p>Oct. 2015 Vice Chair of Audit Committee, Board of Trustees of Ripon College</p> <p>Mar 2017 Director of Oracle Financial Services Software (Current position)</p> <p>Aug 2017 Director of Oracle Corporation Japan (Current position)</p> <p>Oct. 2017 Chair of Infrastructure Committee of Ripon College (Current position)</p>	(Note)2	-
Director	Chairperson of the Audit Committee Chairperson of the Nominating Committee Chairperson of the Compensation Committee	John L. Hall	October 30, 1954	<p>Jan. 1977 Joined IBM Corporation</p> <p>Sep. 1992 Director of Open Systems Sales and Marketing of Unisys Corporation</p> <p>Oct. 1994 Corporate Global Alliance Manager of Oracle Corporation</p> <p>Jun. 1996 Vice President, Oracle Asia Pacific Alliances</p> <p>Mar. 1997 Managing Director, Oracle Thailand</p> <p>Sep. 1997 Senior Vice President, Oracle Worldwide Alliances</p> <p>Apr. 1999 Senior Vice President of Oracle University</p> <p>Aug. 2003 Director of Oracle Corporation Japan (Current position)</p> <p>Jun. 2015 Retired from Oracle Corporation</p>	(Note)2	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	Audit Committee Member Nomination Committee Member Compensation Committee Member	Hitoshi Matsufuji	March 3, 1952	<p>Nov. 1975 Joined Deloitte Haskins & Sells (DH&S), Tokyo</p> <p>Apr. 1982 Registered as a Certified Public Accountant of Japan</p> <p>Jun. 1984 Manager of DH&S, Singapore</p> <p>Feb. 1987 Manager of DH&S New York</p> <p>Aug. 1990 Partner, Tohmatsu & Co.</p> <p>Jun. 1997 Senior Partner, Tohmatsu & Co.</p> <p>Aug. 2006 Leader, Forensic & Dispute Service of Deloitte Tohmatsu FAS Co., Ltd. (Currently, DTFA)</p> <p>Oct. 2014 President, CPA Hitoshi Matsufuji Office (Current position)</p> <p>Mar. 2016 Supervisory Director, D&F Logistics Investment Company</p> <p>Jun. 2016 Outside Auditor, Nihon Tokushu Toryo Co., Ltd. (Current position)</p> <p>Aug. 2016 Director of Oracle Corporation Japan (Current position)</p>	(Note)2	-
Director	-	Takeshi Natsuno	March 17, 1965	<p>Apr. 1988 Joined TOKYO GAS Co., Ltd</p> <p>Jun. 1996 Director, Director, Executive Officer Deputy President of Hyper Net</p> <p>Sep. 1997 Joined NTT DOCOMO, INC.</p> <p>Jun. 2005 Operating Officer, Multi Media Service Director of NTT DOCOMO</p> <p>May. 2008 Professor of Graduate School of Media and Governance, Keio University (Current position)</p> <p>Jun. 2008 Outside Director of SEGA SAMMY HOLDINGS INC. (Current position)</p> <p>Outside Director of transcosmos inc. (Current position)</p> <p>Director of NTT Resonant Incorporated (Current position)</p> <p>Dec. 2008 Director of DWANGO Co., Ltd. (Current position)</p> <p>Jun. 2009 Outside Director of DLE Inc. (Current position)</p> <p>Sep. 2009 Outside Director of GREE, Inc. (Current position)</p> <p>Dec. 2010 Outside Director of USN-NEXT HOLDINGS Co., Ltd. (Current position)</p> <p>Aug. 2016 Director of Oracle Corporation Japan (Current position)</p> <p>Jun. 2017 Outside Director of Uicom Holdings, Inc. (Current position)</p> <p>Outside Director of GENETEC CORPORATION (Current position)</p> <p>Outside Director of Cool Japan Fund Inc. (Current position)</p>	(Note)2	-
Total						2

(Note) 1 Directors John Hall, Hitoshi Matsufuji, Takeshi Natsuno are outside directors.

2 Term of office shall continue until the conclusion of the annual shareholders meeting for the last business year which ends within one year from the time of election.

(Translation purposes only)

3. The Company is managed under an Operating officer system. None of the 24 Operating officers serve as directors.

Senior Managing Operating Officer	Masaki Mitsuyu
Senior Managing Operating Officer	Masaki Shiraishi
Senior Managing Operating Officer	Koji Minato
Senior Managing Operating Officer	Tsuyoshi Sekiya
Senior Managing Operating Officer	Valery Lanovenko
Senior Operating Officer	Suguru Kiryu
Senior Operating Officer	Yoshikado Fujita
Senior Operating Officer	Masahiro Ogushi
Senior Operating Officer	Tsuyoshi Otsuki
Senior Operating Officer	Ko Takahashi
Senior Operating Officer	Kazuhiro Shinoda
Operating Officer	Kenji Ito
Operating Officer	Masato Takahashi
Operating Officer	Mitsuru Honda
Operating Officer	Hisanori Kimura
Operating Officer	Yoshiaki Nagashii
Operating Officer	Kazuyoshi Shigeeda
Operating Officer	Tomohiro Hara
Operating Officer	Shinji Taketsume
Operating Officer	Atsushi Maekawa
Operating Officer	Masatoshi Komori
Operating Officer	Minoru Ishizawa
Operating Officer	Hiroyuki Yoshinami
Operating Officer	Yukiko Endo

(Translation purposes only)

(b) Status of directors

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Representative Executive Officer	Chief Legal Officer	Tadahiro Kaneko	Jun. 28, 1960	<p>Apr. 1986 Joined Kanematsu Gosho (Present Kanematsu Corporation)</p> <p>Jan. 1996 Joined NTT DOCOMO, INC. General Affairs, Dept. Legal Dept. Manager</p> <p>Jan. 1997 Legal Dept. General Manager of NTT DOCOMO</p> <p>Jan. 2001 Joined Motorola Japan Legal Dept. General Manager</p> <p>Jun. 2006 Joined Universal Music Legal Dept. Manager</p> <p>Oct. 2006 Joined Oracle Corporation Japan Chief Legal Officer</p> <p>Jun. 2007 Operating Officer of Oracle Corporation Japan Chief Legal Officer</p> <p>Aug. 2013 Representative Executive Corporate Officer of Oracle Corporation Japan</p> <p>Apr. 2014 Operating Officer of Oracle Corporation Japan Chief Legal Officer</p> <p>Apr. 2014 Oracle Information Systems (Japan) G.K.Chief Executive Officer (Current position)</p> <p>Jan. 2016 Corporate Executive Officer of Oracle Corporation Japan Chief Legal Officer</p> <p>Jun. 2017 Representative Corporate Executive Officer of Oracle Corporation Japan Chief Legal Officer (Current position)</p>	(Note)	1
Director	President & CEO	Frank Obermeier	(1)See Status of directors	Same as left	(Note)	-
Executive Officer	Executive Deputy President Chief Financial Officer	Shigeru Nosaka	(1) See Status of directors	Same as left	(Note)	2
Executive Officer	-	S. Krishna Kumar	(1)See Status of directors	Same as left	(Note)	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Executive Officer	Executive Deputy President Cloud Technology Business Dept.	Hisayuki Ishizumi	Nov. 16, 1959	<p>Apr. 1982 Joined Yokogawa Hewlett Packard (Present Hewlett Packard Japan)</p> <p>Nov. 2002 Executive Officer of Hewlett Packard Manager of Enterprise Business Dept. 2</p> <p>Nov. 2003 Executive Officer of Hewlett Packard Manager of Enterprise and Server Dept.</p> <p>Nov. 2004 Executive Officer of Hewlett Packard Manager of Technology Business Dept.</p> <p>Nov. 2005 Vice President of Hewlett Packard</p> <p>Nov. 2008 Head of Customer Support Services, Oracle Corporation Japan</p> <p>Dec. 2008 Senior Operating Officer of Oracle Corporation Japan Head of Customer Support Services</p> <p>Jun. 2009 Executive Operating Officer of Oracle Corporation Japan Head of Customer Support Services</p> <p>Jun. 2013 Dupty President, Operating Officer of Oracle Corporation Japan Manager of Customer Support Services</p> <p>Mar. 2016 Dupty President, Operating Officer of Oracle Corporation Japan Head of Cloud Technology Business</p> <p>Jun. 2016 Executive Officer, Deputy President of Oracle Corporation Japan Head of Cloud Technology Business</p> <p>Jun. 2018 Executive Officer, Deputy President of Oracle Corporation Japan (Current position)</p>	(Note)	2
Total						5

(Note) Term of office shall continue until the conclusion of the first Meeting of Board of Directors held after the conclusion of the annual shareholders meeting for the last business year which ends within one year from the time of election.

(Translation purposes only)

(2) The Company proposed the selection of eight directors as an agenda item (a matter for resolution) for the General shareholders' meeting to be held on August 22, 2018. Subject to the approval of the relevant agenda item and Board meeting which will be held after the shareholders' meeting, the outside directors of the Company will be as follows.

Male directors 10 and Female director 1 (Female directors make up 9.1%)

(a) Status of directors

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	-	Frank Obermeier	February 22, 1968	Jul. 1991 Joined Hewlett Packard Germany Aug. 1993 Joined Computer 2000 (TechData) Germany Apr. 1995 Joined Oracle Germany Dec. 1996 Owner and Managing Director OMEGA IT Solutions Germany Jan. 2000 Unit.Net Switzerland, VP Sales Nov. 2003 Joined Avaya Germany, Sales Director Nov. 2005 Avaya EMEA, Director Service Customer Operations Jan. 2007 Dell Germany, General Manager Global Segment Jan. 2009 Dell Area VP Global Segment, Central Europe Jun. 2010 Teleplan International Netherlands, Executive VP Sales Mar. 2011 Hewlett Packard Germany, General Manager PPS Apr. 2013 Hewlett Packard Switzerland, COO PPS Apr. 2014 Hewlett Packard United States, VP WW Channel Sales Feb. 2015 Joined Oracle Germany, VP Technology Sales Business Unit Jun. 2017 Chief Executive Officer of Oracle Corporation Japan Aug. 2017 Director, Chief Executive Officer of Oracle Corporation Japan Apr. 2018 Director, President and Chief Executive Officer of Oracle Corporation Japan (Current position)	(Note)2	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	Audit Committee Member	Shigeru Nosaka	September 12, 1953	<p>Apr. 1976 Joined Marubeni Corporation</p> <p>Dec. 1989 Joined Apple Computer, Inc.</p> <p>Mar. 1996 Joined Allergan Inc.</p> <p>Nov. 1996 Joined Japan Communication Inc. Senior Executive Officer, Chief Financial Officer</p> <p>Apr. 2002 Joined Oracle Corporation Japan Vice President under direct control of CEO, Financial Affairs</p> <p>Aug. 2002 Director, Senior Executive Officer, Chief Financial Officer, Director of Finance Division</p> <p>Jun. 2004 Director, Executive Vice President, Chief Financial Officer, Finance/Infrastructure Development/Application IT, Director of Finance</p> <p>Oct. 2007 Executive Vice President, Chief Financial Officer, Finance, IT and General Affairs, Director of Finance of Oracle Corporation Japan</p> <p>Aug. 2008 Director, Senior Corporate Executive Officer Chief Financial Officer, Finance, Facility, IT, Internal Audit</p> <p>Jun. 2009 Director, Senior Corporate Executive Officer Chief Financial Officer, Administration</p> <p>Jun. 2011 Director, Executive Officer Deputy President, Chief Financial Officer</p> <p>Jun. 2015 Outside Director, YAMAHA CORPORATION (Current position)</p> <p>Aug. 2018 Director, Deputy Chairperson of the Board of Directors of Oracle Corporation Japan (Current position)</p>	(Note)2	2
Director	-	S. Krishna Kumar	March 21, 1968	<p>May. 1996 Oracle India Private Limited</p> <p>Feb. 2014 Vice President Finance, Oracle Corporation Japan and GFIC (Current position)</p> <p>Aug. 2014 Corporate Executive Officer of Oracle Corporation Japan</p> <p>Aug. 2017 Director of Oracle Corporation Japan</p> <p>Aug. 2018 Director, Executive Officer, Chief Financial Officer of Oracle Corporation Japan (Current position)</p>	(Note)2	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	Compensation Committee Member	Edward Paterson	October 7, 1963	<p>Jun. 1988 Joined Federal Reserve Bank of St. Louis</p> <p>May. 1994 Joined Anheuser-Busch Companies (Currently, Anheuser-Busch InBev)</p> <p>Apr. 1999 Director, Anheuser-Busch Japan (An Anheuser-Busch and Kirin Holdings Company Joint Venture)</p> <p>Jun. 2000 Vice President Foreign Exchange and Interest Rate Derivatives, U.S. Bancorp</p> <p>Nov. 2001 Director of Treasury, Oracle Corporation</p> <p>Jul. 2005 Senior Director of Treasury, Oracle Corporation</p> <p>Jun. 2008 Joined International Game Technology</p> <p>Sep. 2009 Senior Director of Treasury, Oracle Corporation</p> <p>Mar. 2010 Assistant Treasurer, Oracle Corporation</p> <p>Sep. 2012 Vice President and Assistant Treasurer, Oracle Corporation (Current position)</p> <p>Aug. 2016 Director of Oracle Corporation Japan (Current position)</p>	(Note)2	-
Director	Nomination Committee Member	Kimberly Woolley	April 4, 1972	<p>Oct. 1998 Associate at law firm Sullivan & Cromwell</p> <p>Sep. 2000 Associate at law firms Gibson, Dunn & Crutcher</p> <p>Jan. 2008 Corporate Counsel for Franklin Templeton Investments</p> <p>May 2009 Senior Corporate Counsel of Oracle Corporation</p> <p>Oct. 2009 Managing Counsel and Assistant Secretary of Oracle Corporation</p> <p>July 2012 Director, Associate General Counsel of Williams-Sonoma, Inc.</p> <p>Oct. 2014 Member, Board of Trustees of Ripon College (Current position)</p> <p>Dec. 2014 Assistant General Counsel and Assistant Secretary of Oracle Corporation (Current position)</p> <p>Oct. 2015 Vice Chair of Audit Committee, Board of Trustees of Ripon College</p> <p>Mar 2017 Director of Oracle Financial Services Software (Current position)</p> <p>Aug 2017 Director of Oracle Corporation Japan (Current position)</p> <p>Oct. 2017 Chair of Infrastructure Committee of Ripon College (Current position)</p>	(Note)2	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	Audit Committee Member Compensation Committee Member	Yoshiaki Fujimori	July 3, 1951	<p>Apr. 1975 Nissho Iwai Corporation (Currently, Sojitz Corporation)</p> <p>Oct. 1986 GE Japan Inc.</p> <p>May. 2001 General Electric Company, Senior Vice President</p> <p>Oct. 2008 GE Japan Inc. Representative Director, Chairperson, President & CEO</p> <p>Mar. 2011 GE Japan Inc. (Currently SMFL Capital Co., Ltd.) Representative Director, Chairperson</p> <p>Jun. 2011 LIXIL Corporation Director LIXIL GROUP CORPORATION Director</p> <p>Aug. 2011 LIXIL Corporation Director Representative Director, President & CEO LIXIL GROUP CORPORATION Director, Representative Executive Officer, President and CEO</p> <p>Jun. 2012 Tokyo Electric Power Co., Inc. (Currently Tokyo Electric Power Company Holdings, Inc.) Outside Director</p> <p>Jan. 2016 LIXIL Corporation Director Representative Director, Chairperson & CEO</p> <p>Jun. 2016 LIXIL GROUP CORPORATION Advisor (Current Position) Takeda Pharmaceutical Company Limited Director (Current Position)</p> <p>Jul. 2016 Boston Scientific Corporation Outside Director (Current Position)</p> <p>Feb. 2017 CVC Asia Pacific Ltd. Supreme Advisor (Current Position)</p> <p>Aug. 2018 Director, Chairperson of the Board of Directors of Oracle Corporation Japan (Current Position)</p>	(Note)2	-
Director	Chairperson of the Audit Committee Chairperson of the Nominating Committee Chairperson of the Compensation Committee	John L. Hall	October 30, 1954	<p>Jan. 1977 Joined IBM Corporation</p> <p>Sep. 1992 Director of Open Systems Sales and Marketing of Unisys Corporation</p> <p>Oct. 1994 Corporate Global Alliance Manager of Oracle Corporation</p> <p>Jun. 1996 Vice President, Oracle Asia Pacific Alliances</p> <p>Mar. 1997 Managing Director, Oracle Thailand</p> <p>Sep. 1997 Senior Vice President, Oracle Worldwide Alliances</p> <p>Apr. 1999 Senior Vice President of Oracle University</p> <p>Aug. 2003 Director of Oracle Corporation Japan (Current position)</p> <p>Jun. 2015 Retired from Oracle Corporation</p>	(Note)2	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	Nomination Committee Member	Takeshi Natsuno	March 17, 1965	Apr. 1988 Joined TOKYO GAS Co., Ltd Jun. 1996 Director, Director, Executive Officer Deputy President of Hyper Net Sep. 1997 Joined NTT DOCOMO, INC. Jun. 2005 Operating Officer, Multi Media Service Director of NTT DOCOMO May. 2008 Professor of Graduate School of Media and Governance, Keio University (Current position) Jun. 2008 Outside Director of SEGA SAMMY HOLDINGS INC. (Current position) Outside Director of transcosmos inc. (Current position) Director of NTT Resonant Incorporated (Current position) Dec. 2008 Director of DWANGO Co., Ltd. (Current position) Jun. 2009 Outside Director of DLE Inc. (Current position) Sep. 2009 Outside Director of GREE, Inc. (Current position) Dec. 2010 Outside Director of USN-NEXT HOLDINGS Co., Ltd. (Current position) Aug. 2016 Director of Oracle Corporation Japan (Current position) Jun. 2017 Outside Director of Ubicom Holdings, Inc. (Current position) Outside Director of GENETEC CORPORATION (Current position) Outside Director of Cool Japan Fund Inc. (Current position)	(Note)2	-
Total						2

(Note) 1 Directors Yoshiaki Fujimori, John Hall and Takeshi Natsuno are outside directors.

2 Term of office shall continue until the conclusion of the annual shareholders meeting for the last business year which ends within one year from the time of election.

(Translation purposes only)

3. The Company is managed under an Operating officer system. None of the 23 Operating Officers serve as directors.

Senior Managing Operating Officer	Masaki Mitsuyu
Senior Managing Operating Officer	Masaki Shiraishi
Senior Managing Operating Officer	Tsuyoshi Sekiya
Senior Managing Operating Officer	Valery Lanovenko
Senior Operating Officer	Suguru Kiryu
Senior Operating Officer	Yoshikado Fujita
Senior Operating Officer	Masahiro Ogushi
Senior Operating Officer	Tsuyoshi Otsuki
Senior Operating Officer	Ko Takahashi
Senior Operating Officer	Kazuhiro Shinoda
Operating Officer	Kenji Ito
Operating Officer	Masato Takahashi
Operating Officer	Mitsuru Honda
Operating Officer	Hisanori Kimura
Operating Officer	Yoshiaki Nagashii
Operating Officer	Kazuyoshi Shigeeda
Operating Officer	Tomohiro Hara
Operating Officer	Shinji Taketsume
Operating Officer	Atsushi Maekawa
Operating Officer	Masatoshi Komori
Operating Officer	Minoru Ishizawa
Operating Officer	Hiroyuki Yoshinami
Operating Officer	Yukiko Endo

(Translation purposes only)

(2) Status of directors

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Representative Executive Officer	Chief Legal Officer	Tadahiro Kaneko	Jun. 28, 1960	<p>Apr. 1986 Joined Kanematsu Gosho (Present Kanematsu Corporation)</p> <p>Jan. 1996 Joined NTT DOCOMO, INC. General Affairs, Dept. Legal Dept. Manager</p> <p>Jan. 1997 Legal Dept. General Manager of NTT DOCOMO</p> <p>Jan. 2001 Joined Motorola Japan Legal Dept. General Manager</p> <p>Jun. 2006 Joined Universal Music Legal Dept. Manager</p> <p>Oct. 2006 Joined Oracle Corporation Japan Chief Legal Officer</p> <p>Jun. 2007 Operating Officer of Oracle Corporation Japan Chief Legal Officer</p> <p>Aug. 2013 Representative Executive Corporate Officer of Oracle Corporation Japan</p> <p>Apr. 2014 Operating Officer of Oracle Corporation Japan Chief Legal Officer</p> <p>Apr. 2014 Oracle Information Systems (Japan) G.K. Chief Executive Officer (Current position)</p> <p>Jan. 2016 Corporate Executive Officer of Oracle Corporation Japan Chief Legal Officer</p> <p>Jun. 2017 Representative Corporate Executive Officer of Oracle Corporation Japan Chief Legal Officer (Current position)</p>	(Note)	1
Director	President & CEO	Frank Obermeier	(1)See Status of directors	Same as left	(Note)	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Executive Officer	Executive Deputy President Chief Operating Officer	Koji Minato	May 21, 1970	<p>Apr. 1994 Joined Nippon Telegraph and Telephone Corporation (NTT)</p> <p>Apr. 2004 Joined NTT COMWARE CORPORATION</p> <p>Jul. 2008 Sun Microsystems Support Service Dept. General Manager of Operation</p> <p>Jun. 2010 Joined Oracle Information Systems (Japan) G.K. Customer Support, System Support Dept. General Manager of Account Management of Oracle Corporation Japan</p> <p>Jun. 2014 Director of Corporate Planning Office (Note)</p> <p>Jun. 2015 Operating Officer, Director of CEO Office</p> <p>Aug. 2016 Senior Operating Officer, Director of Operations and CEO Office</p> <p>Oct. 2017 Senior Managing Operating Officer, Director of Strategy & Operations</p> <p>Aug. 2018 Executive Officer, Executive Deputy President, Chief Operating Officer (Current Position)</p>		-
Executive Officer	-	S. Krishna Kumar	(1)See Status of directors	Same as left	(Note)	-

(Translation purposes only)

Director title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)	
Executive Officer	Executive Deputy President	Hisayuki Ishizumi	Nov. 16, 1959	Apr. 1982	Joined Yokogawa Hewlett Packard (Present Hewlett Packard Japan)	(Note)	2
				Nov. 2002	Executive Officer of Hewlett Packard Manager of Enterprise Business Dept. 2		
				Nov. 2003	Executive Officer of Hewlett Packard Manager of Enterprise and Server Dept.		
				Nov. 2004	Executive Officer of Hewlett Packard Manager of Technology Business Dept.		
				Nov. 2005	Vice President of Hewlett Packard		
				Nov. 2008	Head of Customer Support Services, Oracle Corporation Japan		
				Dec. 2008	Senior Operating Officer of Oracle Corporation Japan Head of Customer Support Services		
				Jun. 2009	Executive Operating Officer of Oracle Corporation Japan Head of Customer Support Services		
				Jun. 2013	Dupty President, Operating Officer of Oracle Corporation Japan Manager of Customer Support Services		
				Mar. 2016	Dupty President, Operating Officer of Oracle Corporation Japan Head of Cloud Technology Business		
Jun. 2016	Executive Officer, Deputy President of Oracle Corporation Japan Head of Cloud Technology Business						
Jun. 2018	Executive Officer, Executive Deputy President of Oracle Corporation Japan (Current position)						
Total						3	

(Note) Term of office shall continue until the conclusion of the first Meeting of Board of Directors held after the conclusion of the annual shareholders meeting for the last business year which ends within one year from the time of election.

(Translation purposes only)

6. 【Status and Other Items Pertaining to Corporate Governance】

(1) 【Status of corporate governance】

The following describes the corporate governance system of the Company as of the date of date of submission of this Securities Report.

(Basic concept related to corporate governance)

The Company sees the establishment of corporate governance as an important challenge in the continuous enhancement of corporate value. To fulfill our business responsibilities to all stakeholders, we will continue our efforts to build a corporate governance system based on the corporate governance policies of our parent company Oracle Corporation, while meeting the legal systems of Japan, etc.,

In addition, we are committed to the thorough dissemination and understanding of the global “Oracle Code of Ethics and Business Conduct” (Oracle Code in short) to all our employees, and adopt this code as the basic principle in the implementation of corporate activities.

(i) Status of business management organizations related to business decision-makings, execution, and supervision of the Company, and other corporate governance systems.

The Company installs a Nomination Committee, etc. The aim is to establish higher corporate governance by separating the business decision-making/supervision function and business execution function.

(1) Details of corporate organizations

(a) Board of Directors

The Board of Directors is comprised of eight directors (of whom three are outside directors), who carry out decision-making of basic business policies, establishment of internal control systems, segregation of duties of executive officers, other important business decisions, and monitoring of the execution of work by executive officers, etc.

(b) Audit Committee

The Audit Committee carries out the preparation of basic audit policies and implementation plans, preparation of audit reports, and decides the contents of agendas to be submitted to general meetings of shareholders regarding the appointment and revocation of accounting auditors, and matters ensuring that they are not reappointed. The committee is made up of an outside director who serves as the chairperson, one director, and two outside directors.

(c) Compensation Committee

The Compensation Committee draws up policies on remuneration received by directors and corporate executive officers, and decides the individual remuneration. The committee is made up of an outside director who serves as the chairperson, one director, and two outside directors.

(d) Nomination Committee

The Nomination Committee decides the contents of agendas to be submitted to general meetings of shareholders regarding the appointment and dismissal of directors, and matters ensuring non-reappointment. The committee is made up of an outside director who serves as the chairperson, one director, and two outside directors.

(e) Business execution organizations, etc.

Operated by five executive officers and 24 operating officers. They review important tasks related to business such as business strategies, overall organization reforms, and financial matters. Aiming to support the prompt decision-making and flexible business operations of executive officers, the Company installs an executive board comprised of the Corporate Executive Officer (CEO) and important organization heads below the CEO as main members. In the aim to discuss and share information on sales and marketing strategies, working environment of employees, the Company also installs a Country Leadership Team meeting made up of CEO and heads of cross-sectional departments of the whole company as the main members. Efforts are also made to secure business with high transparency by actively carrying out cross-organizational discussions, and information provision to the whole company. Furthermore, when carrying out corporate business or daily business operations, functions of conducting checks from outside are enhanced by receiving advice from lawyers and certified public accountants, etc. and by enhancing check functions from outside.

(Note) The Company proposed the selection of eight directors as an agenda item (a matter for resolution) for the General shareholders' meeting to be held on August 22, 2018. At a meeting of the Board of Directors to be held after the approval of the relevant agenda item, the Company will decide on the members of committees and business execution organizations. Subject to the approval of the relevant agenda item, the structure of outside directors and members of Committee of the Company will be composed as same organized numbers.

(Translation purposes only)

- (2) Status of establishment of internal control systems
 - (a) System concerning the retention and management of information pertaining to the execution of duties of Corporate Executive Officers

Establish regulations on the management of such documents as the minutes of a meeting of shareholders, minutes of a meeting of the board of directors, minutes of any other important meeting concerning management, and keep a record of any important decisions made. Such regulations may not be established or amended without the approval of the board of directors. Documents that will be managed under such regulations will be retained so as to facilitate easy searching and browsing as required.
 - (b) Regulations and other systems concerning the control of risk of loss

With respect to the risks pertaining to compliance, disaster, and information security, the department in charge of each risk will establish regulations/guidelines and provide related education. If a new risk arises, a Corporate Executive Officer will be promptly appointed in charge of said risk
 - (c) System for securing efficient execution of duties of Corporate Executive Officers
 - 1) Hold meetings to assist execution by the Chief Executive Officer, as well as to discuss and decide matters pertaining to decisions of the board of directors.
 - 2) Establish regulations on the clarification of responsibilities and authorities of Corporate Executive Officers and employees, thereby establishing the environment in which the Company's businesses can be efficiently executed within their responsibilities and authorities.
 - (d) System for securing compliance of the execution of duties by employees with applicable laws and regulations, and Articles of Incorporation
 - 1) Establish a basic policy on compliance by applying the corporate code of ethics of the Oracle Group.
 - 2) Establish a system through which any illegal misconduct by an employee will be reported by using the Oracle Group's internal reporting channel for compliance.
 - 3) For purposes of building, maintaining, and improving the internal control system, each department in charge will establish and implement internal regulations, and conduct training on applicable laws and regulations as well as internal regulations, etc.
 - 4) Appoint a person in charge of compliance, thereby establishing the compliance system at the Company.
 - 5) Set up an audit department, which, in accordance with the regulations on internal audits, will audit the business process of each department, and discover or prevent any fraud, and correct the business process as required.
 - (e) System for securing the properness of business in the business group consisting of the Company and its parent and subsidiaries
 - 1) Establish a corporate code of ethics for the Oracle Group.
 - 2) Establish a system through which any violation of laws and regulations can be reported by using the internal reporting channel for compliance. Establish a system through which any wrongful acts of Corporate Executive Officers and employee-status Operating Officers appointed by the Board of Directors can be reported to the Audit Committee, in addition to Company's Internal Reporting Channel for Compliance (Oracle Helpline).
 - 3) The Company will accept regular audits by the internal audit department of the parent, and will receive reports on the audit results.
 - 4) The Company conducts internal audit on its subsidiaries and reports the result to the Board of Directors and the Audit Committee.
 - (f) Matters pertaining to the placement of employees to assist responsibilities of the Audit Committee

Set up an Administrative Office to assist responsibilities of the Audit Committee.
 - (g) Matters pertaining to the independence of employees from Corporate Executive Officers under the foregoing item

When employees are placed to assist the responsibilities of the Audit Committee, the Audit Committee must be consulted regarding the appointment, transfer, and appraisal, etc. of such employees, and the Corporate Executive Officers must respect it.
 - (h) Matters pertaining to securing the effectiveness of the instructions given by the Audit Committee to an employee

An Assistant who assists in the affairs of the Administrative Office and Audit Committee Members shall follow the instructions of the Audit Committee.
 - (i) System for the Corporate Executive Officers and employees to report to the Audit Committee, and other systems pertaining to reporting to the Audit Committee

Corporate Executive Officers and employees must promptly report on matters pertaining to business execution whenever requested to do so by an Audit Committee Member. The Audit Committee will have the opportunity to hold, if necessary, hearings with the Corporate Executive Officers and employees.
 - (j) System for securing that any person who has made a report set forth in the preceding item shall not be treated disadvantageously by reason of his/her making said report

Prohibit any disadvantageous treatment of a person who has made a report to the Audit Committee by reason of his/her making said report.

(Translation purposes only)

(k) Procedures to prepay or reimburse the expenses with respect to the execution of the Audit Committee Members' duties and other matters concerning the policy pertaining to the disposition of the expenses or debt with respect to the execution of said duties

If the Audit Committee Members make a request for the expenses that are necessary for the execution of their duties, such request shall be treated pursuant to the Article 404, Paragraph 4 of the Companies Act. Also, the Audit Committee Members may, as necessary, appoint one or more external advisors at the Company's expense without obtaining a prior approval of the Board of the Directors Meeting or Corporate Executive Officers.

(l) Other systems for securing effective audits by the Audit Committee

- 1) The annual plan for internal audits implemented by the internal audit department will be explained beforehand to the Audit Committee, who may request amendment thereto. The Audit Committee may also occasionally receive reports on the implementation of an internal audit and, if necessary, request the implementation of an additional audit and measures to improve business.
- 2) The Chief Executive Officer and accounting auditor(s) will arbitrarily meet with the Audit Committee Members, and exchange views on issues that the Company should address, progress on establishing the environment for an audit of the Audit Committee, and material issues relating to audits, so that the Chief Executive Officer accounting auditors, and the Audit Committee Members can increase common awareness.
- 3) The Audit Committee Members may attend important meetings concerning management, and may access to the minutes and/or materials of the meetings on an as-needed basis, for the purpose of auditing execution of the duties by the Corporate Executive Officers and employees.

(3) Status of internal audit and audit by Audit Committee

The internal audit department audits the business process of each department in accordance with the Oracle Group Internal Audit Charter to discover or prevent frauds, and correct the business process as required. The department reviews and evaluates the legality, suitability, and efficiency of operations from a fair and objective perspective, and reports the audit results. Based on this, it provides advice and suggestions on improvements and rationalization, and checks the actions taken as required. Auditors not only receive prior briefing of annual plans related to the internal audit to be implemented by the department and are able to seek revisions, but also receive updates on the implementation state of internal audit, and if deemed necessary, it is also able to seek additional audits and drawing up of business improvement measures.

On the other hand, the Audit Committee participates in important meetings such as the Meeting of the Board of Directions in accordance with the annual audit policies set forth by the Committee to hear the status of business operations from directors, etc., and audit legality and suitability. The representative executive officers and independent auditor hold meetings with auditors as required to exchange opinions on tasks that need to be dealt with by the Company, status of the audit environment being developed by the Audit Committee, and important audit issues, etc., in the aim to deepen mutual awareness among the representative executive officers, independent auditors, and Audit Committee members.

Outside director and auditor Hitoshi Matsufuji is a certified public accountant. Through their extensive experience as a certified public accounts, he has in-depth knowledge on matters related to corporate accounting.

The independent auditor is Ernst & Young ShinNihon. Based on the Company's audit contract with them, the auditor conducts annual accounting audits and quarterly reviews (Note). There is no special relationship involving interests between the independent auditor and the Company.

(Note) Outside director Hitoshi Matsufuji will retire due to the expiry of his term after General Shareholders' Meeting held on of August 22, 2018.

The independent auditor is Ernst & Young ShinNihon. Based on the Company's audit contract with them, the auditor conducts annual accounting audits and quarterly reviews. There is no special relationship involving interests between the independent auditor and the Company.

Name of certified public accountants conducting audit, their affiliate auditing company, and number of continuous years of carrying out auditing.

Names of public accountants, etc.		Auditing company belonging to
Designated Limited Liability Partners Executive officer	Mitsunobu Yamaguchi	Ernst & Young Shin Nihon LLC
	Masato Endo	

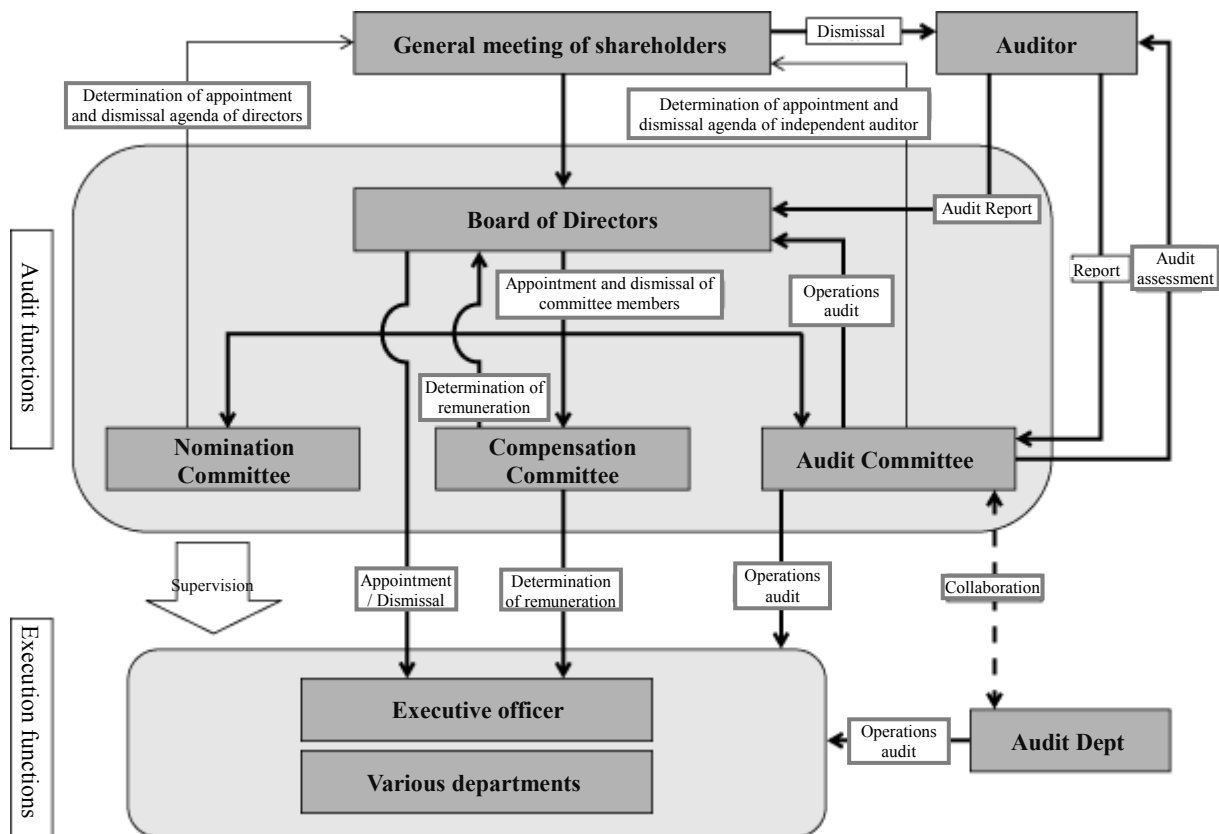
(Note) 1 As the number of continuous years of carrying out auditing is within 7 years for all, details are omitted.

2 For executive officers who are already independent, the auditing company takes measures to ensure that they are not involved in the Company's audit for over a period of time.

3 Those assisting with auditing work compose of 16 certified accountants and 16 others.

(Translation purposes only)

The following illustrates the corporate governance system of the Company.



(ii) Outline of human relations, capital relations, business relations, and other interests between the Company, company’s outside directors, and outside auditors

(a) Selection of outside auditors and views on independency

The company’s Nomination Committee prescribes the following “Basic items” and “Independency standards” referring to the “1. Director Qualifications” of the CORPORATE GOVERNANCE GUIDELINES (April 15, 2010) prescribed by ORACLE CORPORATION.

[Basic items]

1. The Nomination Committee bears the responsibility of conducting general evaluation and review of the personalities and skills required in new outside directors to be appointed and the overall structure of the Board of Directors.
2. In the evaluation, the individual skills, experience, and insights of candidates for outside directors (hereafter called candidates) comprising a suitable, outstanding, and effective Board of Directors to represent the interests of shareholders are reviewed. In the selection, importance is also given to the will and ability as a director to contribute sufficient time required, as well as individual and professional logic and grace of the candidates.
3. Candidates are selected by the Nomination Committee in accordance with the process and policies set forth in this standards.

[Independency standards]

1. In the selection of candidates, the Nomination Committee evaluates the independency, personality, and insight of candidates.
2. Should a candidate corresponding to any one of the following, it is taken that the candidate does not meet the independency required of directors. Here, “family” means the spouse, parent, child, or sibling of the candidates regardless of whether the relation is based on blood relations, relation by marriage, or cohabitation with the candidate.

- (a) Candidate who at present is or who at any point in the past was a representative director, corporate executive officer, executive officer, manager, or other employee of the Company or its subsidiaries (Company Law Article 2-15-b). Candidate who is the representative director, corporate executive officer, executive officer, manager, or other employee of the parent company of the Company, or the director (excluding outside

(Translation purposes only)

director) of sister companies (Company Law Article 2-15-c/d).

- (b) Candidate whose family member is at present or was at any point in the past three years employed by the Company or was an executive of the Company.
- (c) Candidate or family member who is at present or was at any point in the past three years involved as a partner of an independent auditor in the auditing of the Company.
- (d) Candidate or family member who at present or was at any point in the past three years a partner of the external auditor in charge of auditing the Company.

(b) Status of selection, functions, and roles of outside directors

Based on the above “(a) Selection of outside directors and views on independency”, the Company appoints three outside directors who strive to establish a more transparent business supervision system by receiving reports on the activities of the independent auditor and internal control departments from the Board of Directors and Audit Committee. The present 3-person system is recognized as sufficiently handling the functions and roles expected of the outside directors.

John L. Hall provided helpful advice about the Company’s management and made other necessary statements, from an expert perspective as a specialist in the business field and in the Company’s products and services.

Hitoshi Matsufuji provided helpful and appropriate advice about the Company’s management and made other necessary statements, as well as supervised business operations from an independent standpoint and expert perspective as a qualified certified public accountant through his extensive experience in corporate accounting, to strengthen the functions of the Board of Directors.

Takeshi Natsuno provided helpful and appropriate advice about the Company’s management and made other necessary statements, as well as supervised business operations from an independent standpoint and expert perspective as a business management through his extensive experience as a business executive involved extensively in the IT area, to strengthen the functions of the Board of Directors.

(Translation purposes only)

(c) Relation between outside director and the Company

There exists no interests in the capital, human, technology, and business relations, etc. between the Company which Hitoshi Matsufuji and Takeshi Natsumo represents or belongs to. Both parties are independent executives posing no risks of conflict of interests with general shareholders. They are registered with the Tokyo Stock Exchange as independent executives in accordance with the securities listing regulations of the Tokyo Stock Exchange.

(Note) The Company proposed the selection of eight directors as an agenda item (a matter for resolution) for the General shareholders' meeting to be held on August 22, 2018. Subject to the approval of the relevant agenda item, the outside directors of the Company will be as follows.

Name	Reason for appointment of candidates for Outside Directors
John L. Hall	Mr. Hall provides helpful advice about our management from an expert perspective as a specialist in our business field and in our products and services. We have judged that Mr. Hall has a sufficient level of independence, is supervised in a fair manner without being biased toward the interests of particular stakeholders, and will not cause a conflict of interest with general shareholders. Accordingly, we appointed him as an independent director.
Takeshi Natsumo	Mr. Natsumo has wide range of insight and experience in management of many kinds of companies with variable industries. We have judged that Mr. Natsumo has a sufficient level of independence, is supervised in a fair manner without being biased toward the interests of particular stakeholders, and will not cause a conflict of interest with general shareholders. Accordingly, we appointed him as an independent director.
Yoshiaki Fujimori	Mr. Fujimori has advanced insights based on his rich experiences in a globally operating company as well as having had various important roles in one of the world leading global corporations. Also, we expect he has been showing strong presence in the Company's Board of Directors by proactively expressing his opinions, contributing to secure sound management of the Company. We have judged that Mr. Fujimori has a sufficient level of independence, is supervised in a fair manner without being biased toward the interests of particular stakeholders, and will not cause a conflict of interest with general shareholders. Accordingly, we appointed him as an independent director.

(iii) Outline of contracts for limitation of liability

Based on the respective Company Law Article 427-1, the Company and the outside directors enter into an agreement limiting the liability prescribed in Article 423-1 of the law. Under this agreement, the limitation on liability for damages to be paid is the higher between the predetermined amounts no less than 20 million yen and the minimum amount stipulated by the Law.

(iv) Amount of Payments of Directors and Executive Officers

(a) The amount of payments, etc. made to the Company's directors and executive officers in relation to (a)Current term end (33rd business term) is as follows.

Classification	Number of persons	Amount of payments (Million yen)
Directors (including Outside Directors)	6 (4)	109 (27)
Executive Officers	2	89
Total	8 (4)	199 (27)

(Note) 1 The above numbers include one Director and one Executive officer who retired during the fiscal year under review.

2 The above table includes expenses on the granting of share warrants to four Directors (including two Outside Directors) totaling 5 million yen for Directors (of which, expenses on the granting of share warrants to two Outside Directors: 0 million yen) and 0 million yen for two Executive officers.

3 The payment amount above includes the expenses of the BIP Trust for directors and executive officers, which is

(Translation purposes only)

a stock compensation plan that posts expenses for multiple years, posted according to their service period in the fiscal year under review. The amount of expenses posted in the fiscal year under review is 12 million yen for one director and 25 million yen for two Executive officer.

4 The company has no retirement allowance plan for directors.

5 The payment amount above includes a provision for one executive officers' bonuses for the fiscal year under review totaling 7 million yen. A bonus of 9 million yen paid to two directors and a bonus of 5 million yen paid to two executive officers in the fiscal year under review are also included.

6 The Executive Officers of the Company concurrently serve as Directors of the Company haven't received payments as Executive Officers.

(b) Total of remuneration paid to each executive of the submitting company

Total of remuneration paid to each executive of the submitting company is not indicated as there is no person whose total remuneration, etc. is over 100 million yen.

(c) Policies for determining remuneration of directors and executive officers

The remuneration package of Directors and Executive Officers consists of three elements; base salary, performance-based bonus, and share incentive plan, and each element is determined in accordance with the following policy.

(a) Base salary

A salary level commensurate with role and responsibility is determined with reference to the salary levels of other companies in the same industry.

(b) Performance-based bonus

Bonus is determined based on the Company's target management indicator in that particular fiscal year (sales, profits, etc.) and is paid according to the degree of attainment of targets set at the beginning of the fiscal year.

The Company adopted a system that ensures bonuses clearly reflect management responsibilities and results by closely linking them to corporate performance through the inclusion of growth i.e. as an indicator in addition to degree of attainment of the operating income target and revenue growth ratio of the Company's flagship products.

(c) Share incentive plan

The share incentive plans consist of the share warrants (stock option plan) and share incentive plan.

In addition to the present share warrants (stock option) system allotted within the scope divided at the general meeting of shareholders, the Company introduced the Board Incentive Plan (BIP) Trust as an incentive plan to change the compensation plan to one that will more strongly motivate the directors and executive officers of the Company to execute their duties.

(v) Status of shares held

(a) Number of securities held for purposes other than net investment out of investment stocks and total amount recorded on the Balance Sheet

Number of stocks 2 securities

Total amount appropriate on the Balance Sheet 36 million yen

(b) Securities (excluding non-listed stocks) held for purposes other than net investment, number of shares, amount recorded on the Balance Sheet, and purpose of holding

Specific investment stocks

Not applicable.

(c) Investment stocks held for purposes other than net investment

Not applicable.

(vi) Limit capacity of directors

The Articles of Incorporation prescribes that the number of directors of the Company is limited to 10 persons.

(vii) Requirements for appointment of directors

The Articles of Incorporation prescribes that the appointment requirements of directors include the participation of more than one third of shareholders with voting rights who are exercise their voting rights at the general meeting of shareholders, and appointment is carried out with the majority of their voting rights.

(Translation purposes only)

(viii) Organization determining distribution of surplus, etc.

Regarding the clauses prescribed on the distribution of surplus in the Company Law Article 459-1, the Articles of Incorporation prescribes that unless other provisions are set forth in laws and regulations, the distribution of surplus shall be decided by the Board of Directors and not according to the regulation of the general meeting of shareholders. By letting the Board of Directors assume rights over the distribution of surplus, the flexible execution of capital policies and dividend policies can be promoted.

(ix) Release of liability of Directors and Executive Officers

The Articles of Incorporation prescribes that based on the provisions of Company Law Article 426-1, the Company may base on the resolution of the Board of Directors exempt the Directors and Executive Officers (including those who were formerly Directors or Executive Officers) prescribed in Article 423-1 of the Law from liabilities to the extent permitted by laws and regulations. The aim is to enable the establishment of an environment for Directors and Executive Officers to demonstrate their capacities fully in the execution of their roles.

(x) Transactions causing conflict of interests between the Company and specific shareholders

Not applicable.

(Translation purposes only)

(2) 【Auditor fees, etc.】

(i) 【Fees paid to certified public accountants, etc.】

Previous term end		Current term end	
Payment based on audit attestation duties (million yen)	Payment based on non-audit services (million yen)	Payment based on audit attestation duties (million yen)	Payment based on non-audit services (million yen)
62	-	61	-

(ii) 【Other significant remuneration】

Previous term end

Not applicable.

Current term end

Not applicable.

(iii) 【Non-audit services for submitting companies by certified public accountants, etc.】

Previous term end

Not applicable.

Current term end

Not applicable.

(iv) 【Policies for determining audit fees】

The Company does not prescribe specific provisions on policies for determining audit fees to certified public accountants. The amount is decided by reviewing suitability based on audit services provided and number of days, etc., and upon acquiring the consent of the Audit Committee beforehand.

(Translation purposes only)

V 【Financial Status】

1 Method of preparing Financial Statements

The Company's Financial Statements are prepared based on the "Rules on Terminology, Format, and Preparation Method of Financial Statements" (1963 Ministry of Finance Ordinance 59).

Revised Cabinet Office Ordinance No. 2 under supplemental provision of Article 2, paragraph 1 prepared in compliance with the revised rules for financial statements

2 Audit Certification

Based on the provisions in Article 193-2-1 of the Financial Instruments and Exchange Act, the Financial Statements of the Company between June 1, 2017 and May 31, 2018 are audited by Ernst and Young ShinNihon.

3 Consolidated financial statements

The Company does not prepare consolidated financial statements as we have no subsidiaries.

4 Specific efforts for ensuring appropriateness of Financial Statements, etc.

The Company carries out specific efforts to ensure the appropriateness of Financial Statements, etc. Specifically, we have joined the Financial Accounting Standards Foundation, attend seminars held by FASF, audit firms and etc. to appropriately comprehend the contents of accounting standards, etc.

We also prepared internal regulations and manuals as required.

(Translation purposes only)

1. **【Consolidated Financial Documents】**

(1) **【Consolidated Financial Statement】**

Not applicable.

(2) **【Others】**

Not applicable.

(Translation purposes only)

2. 【Financial Documents】

(1) 【Financial Statements】

(i) 【Balance Sheet】

(Unit: Million yen)

	Previous term end (as of May 31, 2017)	Current term end (as of May 31, 2018)
Assets		
Current assets		
Cash and deposits	43,025	169,326
Accounts receivable-trade	19,629	19,871
Prepaid expenses	241	203
Short-term loans receivable	90,300	—
Other	2,104	2,901
Allowance for doubtful accounts	-2	-12
Total current assets	155,298	192,290
Noncurrent assets		
Property, plant and equipment		
Buildings	18,221	18,259
Accumulated depreciation	-6,837	-7,639
Buildings, net	11,384	10,619
Tools, furniture and fixtures	5,728	6,974
Accumulated depreciation	-3,080	-3,802
Tools, furniture and fixtures, net	2,648	3,171
Land	26,057	26,057
Construction in progress	—	15
Total property, plant and equipment	40,089	39,863
Intangible assets		
Software	6	4
Total intangible assets	6	4
Investments and other assets		
Investment securities	36	36
Deferred tax assets	2,570	3,477
Guarantee deposits	341	331
Bankruptcy and reorganization claim	0	34
Other	389	505
Allowance for doubtful accounts	-0	-34
Total investments and other assets	3,337	4,350
Total noncurrent assets	43,433	44,218
Total assets	198,731	236,509

(Translation purposes only)

(Unit: Million yen)

	Previous term end (as of May 31, 2017)	Current term end (as of May 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	12,028	13,087
Accounts payable-other	5,109	5,521
Income taxes payable	8,274	10,991
Advanced received	62,594	69,862
Deposits received	394	390
Provision for bonuses	2,035	2,281
Provision for director's bonuses	22	7
Provision for product warranties	203	147
Provision for stock benefits	215	235
Other	2,060	2,550
Total current liabilities	92,940	105,075
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	92,948	105,083
Net assets		
Shareholder's equity		
Capital stock	23,755	24,480
Capital surplus		
Legal capital surplus	7,106	7,831
Total capital surplus	7,106	7,831
Retained earnings		
Other retained earnings		
Retained earnings brought forward	75,258	99,450
Total retained earnings	75,258	99,450
Treasury stock	-898	-599
Total shareholder's equity	105,221	131,162
Subscription rights to shares	561	262
Total net assets	105,783	131,425
Total liabilities and net assets	198,731	236,509

(Translation purposes only)

(ii) 【Statement of Income】

(Unit: Million yen)

	Previous term end (From June 1, 2016 to May 31, 2017)	Current term end (From June 1, 2017 to May 31, 2018)
Net sales		
Cloud and Software net sales	135,273	146,518
Hardware systems net sales	19,551	18,063
Service net sales	18,365	20,898
Total net sales	173,190	185,481
Cost of sales		
Cloud and Software cost of sales	61,747	68,455
Hardware systems cost of sales	15,866	15,022
Services cost of sales	10,890	13,195
Total cost of sales	88,504	96,673
Gross profit	84,685	88,808
Selling, general and administrative expenses		
Advertising expense	1,006	1,008
Outsourcing expenses	4,795	4,530
Provision of allowance for doubtful accounts	-	43
Provision for directors' bonuses	22	7
Directors' compensations	157	132
Directors' bonuses	17	15
Salaries for employees	13,557	13,693
Provision for bonuses	1,279	1,167
Bonuses for employees	2,272	2,607
Stock-based compensation expense	54	33
Stock benefit expenses	260	291
Retirement benefit expenses	276	305
Welfare expenses	2,528	2,698
Rent	189	229
Depreciation expenses	982	980
Other	4,760	5,055
Total selling, general and administrative expenses	32,160	32,798
Operating income	52,524	56,009
Non-operating income		
Interest income	15	16
Other	10	14
Total non-operating income	25	31
Non-operating expenses		
Foreign exchange losses	30	59
Other	17	2
Total non-operating expenses	48	61
Ordinary income	52,502	55,978
Extraordinary income		
Gain on reversal of subscription rights to shares	169	103
Total extraordinary income	169	103
Income before income taxes	52,672	56,082
Income taxes-current	15,921	18,238
Income taxes-deferred	389	-906
Total income taxes	16,311	17,331
Net income	36,360	38,751

(Translation purposes only)

【Cost of Sales Statements】

A. Cloud and Software cost of sales

Category	Note No.	Previous term end (From June 1, 2016 to May 31, 2017)		Current term end (From June 1, 2017 to May 31, 2018)	
		Amount (million yen)	Composit ion (%)	Amount (million yen)	Composit ion (%)
I Labor costs	2	2,070	3.4	2,380	3.5
II Outsourcing expenses		3,716	6.0	5,251	7.7
III Expenses		677	1.1	1,137	1.6
IV Royalty fees		55,282	89.5	59,687	87.2
Cloud and Software cost of sales		61,747	100.0	68,455	100.0

(Note) 1 The segment information for the previous term is presented based on the data and the name compiled according to the segmentation adopted after the change as reported segments have been changed from the current fiscal year.

2 The main breakdown is as follows.

Item	Previous term end(million yen)	Current term end(million yen)
Depreciation expenses	266	663

B. Hardware systems cost of sales

Category	Note No.	Previous term end (From June 1, 2016 to May 31, 2017)		Current term end (From June 1, 2017 to May 31, 2018)	
		Amount (million yen)	Composit ion (%)	Amount (million yen)	Composit ion (%)
I Current term purchase		14,603	92.0	14,033	93.4
II Labor costs		1,089	6.9	893	6.0
III Expenses		173	1.1	95	0.6
Hardware systems cost of sales		15,866	100.0	15,022	100.0

(Translation purposes only)

C. Services cost of sales

Category	Note No.	Previous term end (From June 1, 2016 to May 31, 2017)		Current term end (From June 1, 2017 to May 31, 2018)	
		Amount (million yen)	Composit ion (%)	Category	Note No.
I Labor costs	1	6,469	58.6	6,933	51.9
II Outsourcing expenses		3,550	32.1	5,471	41.0
III Expenses		1,032	9.3	952	7.1
Current term total generated costs		11,052	100.0	13,357	100.0
Transfer to other accounts		162		161	
Services cost of sales		10,890		13,195	

(Note)1 The main breakdown is as follows.

Item	Previous term end (million yen)	Current term end (million yen)
Rent	192	165
Travel and transportation costs	324	299
Depreciation expenses	111	136

(Translation purposes only)

(iii) 【Statement of changes in shareholders' equity】

Previous term end (From June 1, 2016 to May 31, 2017)

(Unit: Million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Total Capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at the beginning of current period	23,209	6,560	6,560	105,836	105,836	-221	135,386
Changes of items during the period							
Issuance of new shares-exercise of share warrants	545	545	545				1,091
Dividends from surplus				-66,938	-66,938		-66,938
Net income				36,360	36,360		36,360
Purchase of treasury stock						-830	-830
Sale of treasury stock						153	153
Net changes of items other than shareholders' equity							
Total changes of items during the period	545	545	545	-30,578	-30,578	-677	-30,164
Balances at end of current period	23,755	7,106	7,106	75,258	75,258	-898	105,221

	Share warrants	Net assets
Balance at the beginning of current period	841	136,227
Changes of items during the period		
Issuance of new shares-exercise		1,091
Dividends from surplus		-66,938
Net income		36,360
Purchase of treasury stock		-830
Sale of treasury stock		153
Net changes of items other than shareholders' equity	-279	-279
Total changes of items during the period	-279	-30,444
Balances at end of current period	561	105,783

(Translation purposes only)

Current term end (From June 1, 2017 to May 31, 2018)

(Unit: Million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Total Capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at the beginning of current period	23,755	7,106	7,106	75,258	75,258	-898	105,221
Changes of items during the period							
Issuance of new shares-exercise of share warrants	725	725	725				1,450
Dividends from surplus				-14,559	-14,559		-14,559
Net income				38,751	38,751		38,751
Purchase of treasury stock						-9	-9
Sale of treasury stock						308	308
Net changes of items other than shareholders' equity							
Total changes of items during the period	725	725	725	24,191	24,191	298	25,940
Balances at end of current period	24,480	7,831	7,831	99,450	99,450	△599	131,162

	Share warrants	Net assets
Balance at the beginning of current period	561	105,783
Changes of items during the period		
Issuance of new shares-exercise		1,450
Dividends from surplus		-14,559
Net income		38,751
Purchase of treasury stock		-9
Sale of treasury stock		308
Net changes of items other than shareholders' equity	-298	-298
Total changes of items during the period	-298	25,642
Balances at end of current period	262	131,425

(Translation purposes only)

(iv) 【Statement of Cash Flows】

(Unit: Million yen)

	Previous term end (From June 1, 2016 to May 31, 2017)	Current term end (From June 1, 2017 to May 31, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes	52,672	56,082
Depreciation expenses and amortization	1,383	1,795
Share-based compensation expenses	69	38
Increase (decrease) in allowance for doubtful accounts	—	43
Increase(decrease) in provision for bonuses	33	245
Increase(decrease) in provision for director's bonuses	-9	-15
Increase(decrease) in provision for product warranties	-136	-56
Increase(decrease) in provision for stock benefits	110	19
Foreign exchange losses (gains)	—	1
Interest and dividend income	-17	-16
Loss (gain) on sales and retirement of noncurrent assets	17	2
Decrease (increase) in notes and accounts receivable-trade	44	-241
Decrease (increase) in accounts receivable-other	-300	-716
Decrease (increase) in other current assets	-598	-46
Increase (decrease) in notes and accounts payable-trade	1,514	1,058
Increase (decrease) in accounts payable-other	-578	350
Increase (decrease) in accrued consumption taxes	-297	456
Increase (decrease) in advances received	6,067	7,267
Increase (decrease) in other current liabilities	565	-108
Other, net	-196	81
Subtotal	60,345	66,243
Interest and dividends income received	14	20
Income taxes paid	-17,273	-15,382
Net cash provided by (used in) operating activities	43,087	50,881
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-2,575	-1,502
Purchase of intangible assets	-4	-0
Payments of short-term loans receivable	-90,300	—
Collection of loans receivable	100,000	90,300
Payments into time deposits	-34,000	-152,000
Proceeds from withdrawal of time deposits	43,000	106,000
Payments for guarantee deposits	-2	-20
Proceeds from collection of guarantee deposits	5	2
Net cash provided by (used in) investing activities	16,122	42,778
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	911	1,217
Purchase of treasury stock	-830	-9
Cash dividends paid	-66,909	-14,565
Net cash provided by (used in) financing activities	-66,829	-13,357
Effect of exchange rate change on cash and cash equivalents	—	-1
Net Increase/(Decrease) in cash and cash equivalents	-7,618	80,301
Cash and cash equivalents at beginning of period	45,644	38,025
Cash and cash equivalents at end of period	※ 38,025	※ 118,326

(Translation purposes only)

[Notes to Financial Statements]
(Significant Accounting Policies)

1. Valuation standard and method applied to negotiable securities
Other securities
 - (i) Securities with fair market value: Market value method based on market prices as of the last day of the fiscal period.
(All valuation gains and losses are treated as a component of net assets, with the cost of securities sold calculated according to the moving-average method.
 - (ii) Securities without fair market value: Cost method based on moving-average method
Debt securities without fair market value: Amortized cost method

2. Valuation standard and method applied to inventories
Inventories owned for normal sales.
Valuation standards are based on the cost method (method of writing down the book value based on decrease in profitability)
Products and goods
Weighted average method by month

3. Depreciation method applied to fixed assets
 - (1) Tangible fixed assets
Buildings: At straight-line method
Appliances and equipment: At straight-line method
The useful life of major items are as follows:

Buildings:	5 to 38 years
Appliances and equipment	
Personal computers:	2 years
Computer servers:	3 years
Computer storages:	4 years
Others:	5 to 15 years

 - (2) Intangible fixed assets: At straight-line method
Based on an in-house estimated available period (5 years) for software for in-house use.

4. Accounting standard for allowances
 - (1) Allowance for doubtful accounts
To reserve for loss on doubtful accounts, general allowances are provided using a rate determined by past experience with bad debts. For specific claims such as claims suspected of being irrecoverable, allowances are provided according to the estimates of amounts considered uncollectible after reviewing the possibility of collection on an individual claim basis.

 - (2) Provision for bonuses
To provide for the payment of bonuses to employees, the estimated liabilities in the current period is recorded based on the estimated amount of bonus payment.

 - (3) Provision for directors' bonuses
To provide for the payment of bonuses to directors, the estimated liabilities in the current period is recorded based on the estimated amount of bonus payment.

 - (4) Provision for product warranties
To provide for the expenditure of after-sales service, warranty accrual is established based on estimated future cost of repair and replacement within the warranty period principally using historical experience of warranty claims.

 - (5) Provision for stock benefits
Provision for stock benefits is recorded based on the estimated amount of stock delivery obligations at the end of the fiscal year under review in order to prepare to provide the directors, executive officers and employees with the Company's shares based on the stock delivery regulations.

5. Revenue recognition policy
As to consulting service revenue and part of software product revenue, the company accounts for them on the percentage of completion basis.

6. Scope of funds in statements of cash flow (cash and cash equivalents) consist of cash on hand and cash in trust, deposits and deposits in trust that can be withdrawn at any time, and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash, and bear only an insignificant risk of price fluctuation.

7. Other important matters which provide basis for preparing financial statements,
Consumption tax and others Consumption taxes are accounted for using the tax-excluded method.

(Translation purposes only)

(Accounting standards not yet applied, etc.)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 on March 30, 2018, Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Statement No. 30 on March 30, 2018, Accounting Standards Board of Japan)

(1) Overview

These are comprehensive accounting standards for revenue recognition. Revenue is recognized by adopting the following five steps.

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in the contracts

Step 3: Calculate and determine the transaction prices

Step 4: Allocate the transaction prices to the performance obligations

Step 5: Recognize revenues when the performance obligations have been or are being satisfied

Companies are required to apply the accounting standards and implementation guidance from the beginning of any fiscal year starting on April 1, 2021 and thereafter, and if so desired, they may apply them earlier from the beginning of any fiscal year starting from April 1, 2018 and thereafter.

(2) Scheduled date of adoption

The Company will apply them ahead earlier from the beginning of the fiscal year ending May 31, 2019.

(3) Impact of the adoption of the relevant accounting standards

The Company is evaluating the impact in the process of preparing the financial statements for the fiscal year under review.

- Implementation Guidance on Accounting for Tax Effect Accounting (ASBJ Statement No. 28 on February 16, 2018, Accounting Standards Board of Japan)
- Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Statement No. 26 on February 16, 2018, Accounting Standards Board of Japan)

(1) Overview

The following revisions that were deemed necessary were made to the “Implementation Guidance on Tax Effect Accounting,” etc. when the Practical Guidelines on Accounting Standards for Tax Effect Accounting of the Japanese Institute of Certified Public Accountants were transferred to the Accounting Standards Board of Japan, with the fundamental content remaining unchanged.

(Main handling matters for which accounting treatments were reviewed)

- Handling of taxable temporary differences pertaining to subsidiaries’ shares, etc. in non-consolidated financial statements
- Handling of recoverability of deferred tax assets in companies that fall under (Category 1).

(2) Scheduled date of application

To be applied from the beginning of the fiscal year ending May 31, 2019.

(3) Impact of the application of the accounting standards, etc.

The Company considers that the application of the “Implementation Guidance on Tax Effect Accounting,” etc. will have an immaterial impact on the financial statements.

(Changes in Presentation Methods)

(Changes due to Early Application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

As the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) may now be applied to the financial statements for the fiscal year ended May 31, 2018, the Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” from the current fiscal year. Accordingly, the Company has changed to the method of presenting deferred tax assets in the investments and other assets section.

As a result, “Deferred tax assets” of 2,322 million yen under current assets reported in the previous fiscal year, has been included in “Deferred tax assets” of 2,570 million yen under investments and other assets.

(Translation purposes only)

(Statement of Income related)

As a result of the integration of the New software licenses and Cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment as the Cloud and software segment, the contents of Net Sales and Cost of Sales are presented as follows to ensure consistency with the classification of the reportable segments and maintain the clarity and legibility of the financial statements.

Previous fiscal year

New software licenses and Cloud (SaaS / PaaS / IaaS) net sales
New software licenses and Cloud (SaaS / PaaS / IaaS) cost of sales
Software license updates & product support net sales
Software license updates & product support cost of sales

Current Fiscal year

Cloud and Software net sales
Cloud and Software cost of sales

In order to reflect changes in this presentation method, the financial statements has been reclassified for the previous fiscal year.

As a result, the Net Sales of "New software licenses and Cloud (SaaS / PaaS / IaaS)" (52,545 million yen) and "Software license updates & product support" (82,727 million yen) are included in the Net Sales of "Cloud and Software" (135,273 million yen) on the previous fiscal year of the Statement of Sales. And also the Cost of Sales of "New software licenses and Cloud (SaaS / PaaS / IaaS)" (24,491 million yen) and "Software license updates & product support" (37,256 million yen) are included in the Cost of Sales of "Cloud and Software" (61,747 million yen) on the previous fiscal year of the Statement of Sales.

(Cost of Sales Statements related)

The account title presented as the business consignment expenses in the previous fiscal year was changed to outsourcing expenses to enhance the clarity of the financial statements, starting with the fiscal year under review.

Transfer to other accounts shown as the main breakdown of the cost of sales in the previous fiscal year was omitted because its significance declined in terms of the monetary amount starting from the fiscal year under review.

(Additional information)

(Transactions related to BIP Trust)

The Company employs the BIP Trust as an incentive plan to strongly motivate the directors and executive officers of the Company to execute their duties. Accounting processes related to the concerned investment trust agreement conform to "Handling of transactions for distributing company shares through the trust to employees, etc." (Practical Issues Task Force No. 30 March 26, 2015).

(1) Outline of transactions

This system (share incentive system) is added to the system of share warrants (stock options) issued within the scope resolved in the annual meeting of shareholders. Share warrants are allotted via the resolutions of the Compensation Committee and Board of Directors Meeting for the Company's directors and executive officers. After that, the Company's directors and executive officers will be able to select the method of receiving their compensation from the following three methods (Note 1) every time share warrant rights are granted (Note 2).

The conversion ratio of the number of shares delivered in the BIP Trust to the number of shares granted by share warrants at the time of selecting the share warrant plan and the share compensation plan is 4:1 (Note 2).

- (i) All in share warrants
- (ii) 50% in share warrants, and 50% by the distribution of the Company's shares by this system
- (iii) All by the distribution of the Company's shares by this system

(Note) 1 Those who select (ii) or (iii) receive the Company's shares during the trust period from the next year onwards.

2 If the number of share warrants issued is four (equivalent to 400 shares), when this system is selected, a total of 100 of the Company's shares will be provided.

(2) Shares that remain in the trust

Shares that remain in the trust are reported as treasury stock in the net assets portion of the balance sheet. The book value and number of shares of the concerned treasury stock is 227 million yen, 38,165 shares at the end of the previous term, and 134 million yen, 22,542 shares at the end of the current term.

(Transactions related to ESOP Trust) The Company employs the ESOP Trust as an incentive plan aimed at the further promotion of business activities aimed at improving business and at the mid and long term enhancement of corporate values by enhancing employee awareness of the Company's performance and stock prices. Accounting processes related to the concerned investment trust agreement conform to "Handling of transactions for distributing company shares through trust to employees, etc." (Practical Issues Task Force No. 30 March 26, 2015).

(1) Outline of transactions

This ESOP Trust is added to the system of share warrants (stock options) issued within the scope resolved in the annual meeting of shareholders. The Company's shares allotted share warrants via the resolution of the Board of Directors Meeting for employees. After that, employees eligible for the share compensation will be able to select the method of receiving their

(Translation purposes only)

compensation from the following three methods (Note 1) every time share warrant rights are granted (Note 2)
The conversion ratio of the number of shares delivered in the ESOP Trust to the number of shares granted by share warrants at the time of selecting the share warrant plan and the ESOP Trust is 4:1 (Note 2).

(i) All in share warrants

(ii) 50% in share warrants, and 50% by the distribution of the Company's shares by this system

(iii) All by the distribution of the Company's shares by this system

(Note) 1 Those who select (ii) or (iii) receive the Company's shares during the trust period from the next year onwards.

2 If the number of share warrants issued is four (equivalent to 400 shares), when this system is selected, a total of 100 of the Company's shares will be provided.

(2) Shares that remain in the trust

Shares that remain in the trust are reported as treasury stock in the net assets portion of the balance sheet. The book value and number of shares of the concerned treasury stock is 624 million yen, 106,382 shares at the end of the previous term, and 409 million yen, 69,735 shares at the end of the current term.

(Balance Sheet related)

Not applicable.

(Statement of Income related)

Not applicable.

(Translation purposes only)

(Related to the statement of changes in shareholders' equity)

Previous term (from June 1, 2016 to May 31, 2017)

1 Type and number of issued shares and treasury stock

	Number of shares as of May 31, 2016 (Thousand shares)	Number of shares increased in the current term (Thousand shares)	Number of shares decreased in the current term (Thousand shares)	Number of shares as of May 31, 2017 (Thousand shares)
Issued shares Common stock (Note)	127,511	216	-	127,728
Treasury stocks Common stock	46	139	31	154

(Note) 1. Increase of 216 thousand outstanding shares was due to exercise of share warrants.

2. The increase in the number of shares of treasury stock (139 thousand) was due to purchasing the company's own stock for board of directors and employees through the Board Incentive Plan (BIP) Trust (38 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (100 thousand). The decrease in treasury stock by 0 thousand shares represents shares purchased of odd lots

3. The decrease in the number of shares of treasury stock (31 thousand) was due to delivering the company's own stock to board of directors and employees through the Board Incentive Plan (BIP) Trust (9 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (22 thousand).

4. The balance of treasury stocks includes 144 thousand treasury stocks owned by the BIP trust (38 thousand) and ESOP trust (106 thousand).

2 Stock acquisition right

Item	Breakdown of stock acquisition right	Type of shares converted by stock acquisition right	Number of shares converted by stock acquisition right (shares)				Term-end balance (million yen)
			Balance of previous term	Increase	Decrease	Balance of current term	
Submission company	Stock acquisition right as stock option	-	-	-	-	-	561
Total		-	-	-	-	-	561

3 Dividend

(1) Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Board of director held on July 22, 2016	Common stock	66,938	525	May 31, 2016	August 8, 2016

(Note) 1. The above dividend includes special dividend of 420 yen per share.

2. Total amount of dividend which was resolved at the board of directors meeting which was held on July 22, 2016 includes the 19 million yen dividend for the Company's stock held by Board Incentive Plan Trust (4 million yen) and Employee Stock Ownership Plan Trust (14 million yen).

(Translation purposes only)

(2) Dividend that effective date is in the next term though its reference date was in current term

Resolution	Type of share	Resource of dividend	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Board of director held on July 20, 2017	Common stock	Earned surplus	14,559	114	May 31, 2017	August 7, 2017

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 20, 2017 includes the 16 million yen dividend for the Company's stock held by Board Incentive Plan Trust (4 million yen) and Employee Stock Ownership Plan Trust (12 million yen).

Current term (from June 1, 2017 to May 31, 2018)

1 Type and number of issued shares and treasury stock

	Number of shares as of May 31, 2017 (Thousand shares)	Number of shares increased in the current term (Thousand shares)	Number of shares decreased in the current term (Thousand shares)	Number of shares as of May 31, 2018 (Thousand shares)
Issued shares Common stock (Note)	127,728	290	-	128,019
Treasury stocks Common stock	154	1	52	103

(Note) 1. Increase of 290 thousand outstanding shares was due to exercise of share warrants.

2. The increase in treasury stock by 1 thousand shares represents shares purchased of odd lots

3. The decrease in the number of shares of treasury stock (52 thousand) was due to delivering the company's own stock to board of directors and employees through the Board Incentive Plan (BIP) Trust (15 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (36 thousand).

4. The balance of treasury stocks includes 92 thousand treasury stocks owned by the BIP trust (22 thousand) and ESOP trust (69 thousand).

2 Stock acquisition right

Item	Breakdown of stock acquisition right	Type of shares converted by stock acquisition right	Number of shares converted by stock acquisition right (shares)				Term-end balance (million yen)
			Balance of previous term	Increase	Decrease	Balance of current term	
Submission company	Stock acquisition right as stock option	-	-	-	-	-	262
Total		-	-	-	-	-	262

3 Dividend

(1) Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Board of director held on July 20, 2017	Common stock	14,559	114	May 31, 2017	August 7, 2017

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 20, 2017 includes the 16 million yen dividend for the Company's stock held by Board Incentive Plan Trust (4 million yen) and Employee Stock Ownership Plan Trust (12 million yen).

(2) Dividend that effective date is in the next term though its reference date was in current term

Resolution	Type of share	Resource of dividend	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Board of director held on July 24, 2018	Common Stock	Earned surplus	15,489	121	May 31, 2018	August 6, 2018

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 24, 2018 includes the 11 million yen dividend for the Company's stock held by Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (8 million yen).

[Related to the statement of cash flows]

(Translation purposes only)

*Relationship between the term end balance of cash and cash equivalents and the amount of items indicated in the balance sheet

	Previous term end (From June 1, 2016 to May 31, 2017) (million yen)	Current term end (From June 1, 2017 to May 31, 2018) (million yen)
Cash and deposits	43,025	169,326
Time deposits of over 3 months	-5,000	-51,000
Cash and cash equivalents	38,025	118,326

(Lease transactions related)

Not applicable.

(Financial instruments)

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

With respect to fund management, the Company ensures a very high level of safety and appropriate liquidity, being limited to investing in highly rated securities and depositing funds at highly rated financial institutions under the Company's fund management regulations (which conform to the global policy of Oracle Corporation).

In addition, we will not conduct derivative transactions.

(2) Details of financial instruments used and the exposure to risk and how it arises

Notes receivable, accounts receivable-trade, and accounts receivable-other are exposed to the credit risks of counterparties. The Company seeks to mitigate these risks through due date control and balance management for each counterparty, while determining the credit standing of each counterparty regularly under the Company's credit management regulations (which conform to the global policy of Oracle Corporation).

Securities and investment securities are exposed to the market price fluctuation risk and credit risk. The Company seeks to mitigate these risks by limiting investments to investments in highly rated securities in yen and by regularly monitoring the market values of securities and the financial situations of the issuers.

Accounts payable-trade, which are trade payables, are settled in the short term.

(3) Supplementary information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in cases where there is no market price, by making a reasonable estimation. Because the preconditions applied include fluctuation factors, estimations of fair value may vary.

(Translation purposes only)

2. Market value of financial instruments

Amounts recognized in the balance sheet, market values, and the differences between them on May 31, 2018 are as shown below. Moreover, items for which it is extremely difficult to determine market values are not included in the following table (see (Note2)).

Previous term end (as of May 31, 2017)

(Unit: Million yen)

	Book value	Market value	Difference
(1) Cash and deposits	43,025	43,025	-
(2) Accounts receivable-trade	19,629		
Allowance for doubtful accounts(*)	-2		
Net	19,626	19,626	-
(3) Short-term loans receivable	90,300	90,300	-
Total assets	152,952	152,952	-
(1) Accounts payable-trade	12,028	12,028	-
(2) Accounts payable-other	5,109	5,109	-
(3) Income taxes payable	8,274	8,274	-
Total liabilities	25,412	25,412	-

(*) Allowance for doubtful accounts recognized in accounts receivable-trade.

Current term end (as of May 31, 2018)

(Unit: Million yen)

	Book value	Market value	Difference
(1) Cash and deposits	169,326	169,326	-
(2) Accounts receivable-trade	19,871		
Allowance for doubtful accounts (*)	-12		
Net	19,859	19,859	-
Total assets	189,185	189,185	-
(1) Accounts payable-trade	13,087	13,087	-
(2) Accounts payable-other	5,521	5,521	-
(3) Income taxes payable	10,991	10,991	-
Total liabilities	29,600	29,600	-

(*) Allowance for doubtful accounts recognized in accounts receivable-trade.

(Note) 1 Calculation of the market value of financial instruments

Assets

(1) Cash and deposits (2) Accounts receivable-trade

Because, the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used.

Liabilities

(1) Accounts payable-trade (2) Accounts payable-other (3) Income taxes payable

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used.

(Translation purposes only)

(Note) 2 Financial instruments for which it is extremely difficult to determine market value

(Unit : Million yen)

Category	May 31, 2017	May 31, 2018
Unlisted equity securities	36	36

Because it is recognized that this does not have market values and the fair market values are extremely difficult to determine, unlisted equity securities don't include in the schedule above.

(Note) 3 Redemption amount after settlement date of monetary claims

Previous term end (as of May 31, 2017)

	Within 1 year (million yen)	Over 1 year but within 5 years (million yen)	Over 5 years but within 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	43,025	-	-	-
Accounts receivable-trade	19,629	-	-	-
Short-term loans receivable	90,300	-	-	-
Total	152,955	-	-	-

Current term end (as of May 31, 2018)

	Within 1 year (million yen)	Over 1 year but within 5 years (million yen)	Over 5 years but within 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	169,326	-	-	-
Accounts receivable-trade	19,871	-	-	-
Total	189,197	-	-	-

(Securities)

1 Other securities

Previous term end (As of May 31, 2017)

Not applicable.

Current term end (As of May 31, 2018)

Not applicable.

2 Other securities sold during the fiscal year

Previous term end (From June 1, 2016 to May 31, 2017)

Not applicable.

Current term end (From June 1, 2017 to May 31, 2018)

Not applicable.

(Derivative transactions)

As the Company does not use derivative transactions at all, this is not applicable.

(Translation purposes only)

(Retirement benefits related)

Previous term end (From June 1, 2016 to May 31, 2017)

1 Outline of retirement benefits system used

The Company has been adopting the defined contribution pension system since January 2002 with the enforcement of the Defined Contribution Pension Law.

2 Defined contribution plans

The amount paid to the defined contribution plans is 424 million yen.

Current term end (From June 1, 2017 to May 31, 2018)

1 Outline of adopted retirement benefits system

The Company has been adopting the defined contribution pension system since January 2002 with the enforcement of the Defined Contribution Pension Law.

2 Defined contribution plans

The amount paid to the defined contribution plans is 464 million yen.

(Stock options related)

1 Expenses recorded and account name

	Previous term end (million yen)	Current term end (million yen)
Cost of sales	15	4
Selling, general and administrative expenses (Stock compensation expenses)	54	33

2 Amount reported as profits due to expiry from non-exercise of rights

	Previous term end (million yen)	Current term end (million yen)
Gain on reversal of subscription rights to shares	169	103

(Translation purposes only)

3 Stock option details, scale, and fluctuation status

(1) Stock option details

	2007 2 nd stock option	2008 1 st stock option
Category and number of granted persons	Company employees 984 persons	Company director (Note) 1 5 persons Company employees 472 persons
Number of stock options(Note)2	Common stock 280,100 shares	Common stock 311,600 shares
Date granted	October 15, 2007	October 15, 2008
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 15, 2007) to date of rights allotment October 15, 2009). (2) Must be working continuously from the date of grant (October 15, 2007) to date of rights allotment October 15, 2011).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 15, 2008) to date of rights allotment (October 15, 2010). (2) Must be working continuously from the date of grant (October 15, 2008) to date of rights allotment (October 15, 2012).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From October 15, 2007 to October 15, 2009 (2) From October 15, 2007 to October 15, 2011	As follows for every 1/2 of allotted rights. (1) From October 15, 2008 to October 15, 2010 (2) From October 15, 2008 to October 15, 2012
Rights exercise period	From October 15, 2009 to August 29, 2017 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors and employees of the Company who have lost their positions.	From October 15, 2010 to September 30, 2018 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.

(Note) 1 Includes three persons working concurrently as executive officers.

2 Indicated converted to number of shares.

(Translation purposes only)

	2009 1 st stock option	2010 1 st stock option
Category and number of granted persons	Company director (Note) 1 4 persons Company employees 478 persons	Company director (Note) 1 4 persons Company employees 460 persons
Number of stock options(Note)2	Common stock 306,300 shares	Common stock 306,200 shares
Date granted	October 15, 2009	October 15, 2010
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 15, 2009) to date of rights allotment (October 15, 2011). (2) Must be working continuously from the date of grant (October 15, 2009) to date of rights allotment (October 15, 2013).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 15, 2010) to date of rights allotment (October 15, 2012). (2) Must be working continuously from the date of grant (October 15, 2010) to date of rights allotment (October 15, 2014).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From October 15, 2009 to October 15, 2011 (2) From October 15, 2009 to October 15, 2013	As follows for every 1/2 of allotted rights. (1) From October 15, 2010 to October 15, 2012 (2) From October 15, 2010 to October 15, 2014
Rights exercise period	From October 15, 2011 to September 25, 2019 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From October 15, 2012 to September 22, 2020 Same as left

(Note) 1 Includes two persons working concurrently as executive officers.

2 Indicated converted to number of shares.

(Translation purposes only)

	2011 1 st stock option	2011 2 nd stock option
Category and number of granted persons	Company director (Note) 1 4 persons Company employees 255 persons	Company employees 1 person
Number of stock options(Note)2	Common stock 313,700 shares	Common stock 5,000 shares
Date granted	September 28, 2011	July 2, 2012
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 28, 2011) to date of rights allotment (September 28, 2013). (2) Must be working continuously from the date of grant September 28, 2011) to date of rights allotment (September 28, 2015).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (July 2, 2012) to date of rights allotment (July 2, 2014). (2) Must be working continuously from the date of grant (July 2, 2012) to date of rights allotment (July 2, 2016).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From September 28, 2011 to September 28, 2013 (2) From September 28, 2011 to September 28, 2015	As follows for every 1/2 of allotted rights. (1) From July 2, 2012 to July 2, 2014 (2) From July 2, 2012 to July 2, 2016
Rights exercise period	From September 28, 2013 to September 13, 2021 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From July 2, 2014 to September 13, 2021 Same as left

(Note) 1 Includes two persons working concurrently as executive officers.

2 Indicated converted to number of shares.

(Translation purposes only)

	2012 1 st stock option	2013 1 st stock option
Category and number of granted persons	Company director (Note) 1 4 persons Company employees 201 persons	Company director (Note) 1 4 persons Company executive officer 1 person Company employees 202 persons
Number of stock options(Note)2	Common stock 322,700 shares	Common stock 289,700 shares
Date granted	September 28, 2012	September 30, 2013
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 28, 2012) to date of rights allotment (September 28, 2014). (2) Must be working continuously from the date of grant (September 28, 2012) to date of rights allotment (September 28, 2016).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 30, 2013) to date of rights allotment (September 30, 2015). (2) Must be working continuously from the date of grant (September 30, 2013) to date of rights allotment (September 30, 2017).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From September 28, 2012 to September 28, 2014 (2) From September 28, 2012 to September 28, 2016	As follows for every 1/2 of allotted rights. (1) From September 30, 2013 to September 30, 2015 (2) From September 30, 2013 to September 30, 2017
Rights exercise period	From September 28, 2014 to September 12, 2022 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From September 30, 2015 to September 13, 2023 Same as left

(Note) 1 Includes two persons working concurrently as executive officers.

2 Indicated converted to number of shares.

(Translation purposes only)

	2013 2 nd stock option	2013 3 rd stock option
Category and number of granted persons	Company employee 1 person	Company executive officer (Note) 1 1 person
Number of stock options(Note)2	Common stock 5,000 shares	Common stock 35,000 shares
Date granted	November 15, 2013	April 15, 2014
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (November 15, 2013) to date of rights allotment (November 15, 2015). (2) Must be working continuously from the date of grant (November 15, 2013) to date of rights allotment (November 15, 2017).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (April 15, 2014) to date of rights allotment (April 15, 2016). (2) Must be working continuously from the date of grant (April 15, 2014) to date of rights allotment (April 15, 2018).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From November 15, 2013 to November 15, 2015 (2) From November 15, 2013 to November 15, 2017	As follows for every 1/2 of allotted rights. (1) From April 15, 2014 to April 15, 2016 (2) From April 15, 2014 to April 15, 2018
Rights exercise period	From November 15, 2015 to September 13, 2023 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From April 15, 2016 to September 13, 2023 Same as left

(Note) 1 Appointed concurrent position of director and executive officer at the 29th General Meeting of Shareholders held on August 21, 2014.

2 Indicated converted to number of shares.

(Translation purposes only)

	2014 1 st stock option	2014 2 nd stock option
Category and number of granted persons	Company director (Note) 1 4 persons Company employees 268 persons	Company employee 1 person
Number of stock options(Note)2	Common stock (Note) 3 315,800 shares	Common stock (Note) 4 2,800 shares
Date granted	September 30, 2014	July 31, 2015
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 30, 2014) to date of rights allotment (September 30, 2016). (2) Must be working continuously from the date of grant (September 30, 2014) to date of rights allotment (September 30, 2018).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (July 31, 2015) to date of rights allotment (July 31, 2017). (2) Must be working continuously from the date of grant (July 31, 2015) to date of rights allotment (July 31, 2019).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From September 30, 2014 to September 30, 2016 (2) From September 30, 2014 to September 30, 2018	As follows for every 1/2 of allotted rights. (1) From July 31, 2015 to July 31, 2017 (2) From July 31, 2015 to July 31, 2019
Rights exercise period	From September 30, 2016 to September 16, 2024 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From July 31, 2017 to September 16, 2024 Same as left

(Note) 1 Includes two persons working concurrently as executive officers.

2 Indicated converted to number of shares.

3 Of the 315,800 stock options above during the 30th business term (ended May 31, 2015), 286,100 were relinquished, and BIP Trust and ESOP Trust were selected.

4 Of the 5,500 stocks allotted during the 31st business term (ended May 31, 2016), the ESOP Trust and 2,700 shares were selected. The conversion ratio of the number of shares delivered in the ESOP Trust to the number of shares granted by share warrants at the time of selecting the share warrant plan and the ESOP Trust is 4:1.

(Translation purposes only)

	2015 1 st stock option	2016 1 st stock option
Category and number of granted persons	Company directors 1 person Company employees 47 persons	Company employee 24 persons
Number of stock options(Note)2	Common stock (Note) 2 52,900 shares	Common stock (Note) 3 30,900 shares
Date granted	September 30, 2015	October 5, 2016
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 30, 2015) to date of rights allotment (September 30, 2017). (2) Must be working continuously from the date of grant (September 30, 2015) to date of rights allotment (September 30, 2019).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 5, 2016) to date of rights allotment (October 5, 2018). (2) Must be working continuously from the date of grant (October 5, 2016) to date of rights allotment (October 5, 2020).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From September 30, 2015 to September 30, 2017 (2) From September 30, 2015 to September 30, 2019	As follows for every 1/2 of allotted rights. (1) From October 5, 2016 to October 5, 2018 (2) From October 5, 2016 to October 5, 2020
Rights exercise period	From September 30, 2017 to September 16, 2025 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From October 5, 2018 to September 21, 2026 Same as left

(Note) 1 Indicated converted to number of shares.

2 Of the 330,000 stocks allotted during the 31st business term (ended May 31, 2016), the BIP Trust, ESOP Trust and 277,100 shares were selected. The conversion ratio of the number of shares delivered in the BIP Trust and ESOP Trust to the number of shares granted by share warrants at the time of selecting the BIP Trust and ESOP Trust is 4:1.

3 Of the 350,000 stocks allotted during the 32nd business term (ended May 31, 2017), the BIP Trust, ESOP Trust and 319,100 shares were selected. The conversion ratio of the number of shares delivered in the BIP Trust and ESOP Trust to the number of shares granted by share warrants at the time of selecting the share warrants system, BIP Trust, and ESOP Trust is 4:1.

(Translation purposes only)

	2017 1 st stock option
Category and number of granted persons	Company employees 27 persons
Number of stock options (Note) 1	Common stock (Note) 2 27,800 shares
Date granted	October 12, 2017
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 12, 2017) to date of rights allotment (October 12, 2019). (2) Must be working continuously from the date of grant (October 12, 2017) to date of rights allotment (October 12, 2021).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From October 12, 2017 to October 12, 2019 (2) From October 12, 2017 to October 12, 2021
Rights exercise period	From October 12, 2019 to September 21, 2027 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.

(Note) 1 Indicated converted to number of shares.

2 Of the 325,200 stocks allotted during of the current term (ended May 31, 2018), the BIP Trust, ESOP Trust and 297,400 shares were selected. The conversion ratio of the number of shares delivered in the BIP Trust and ESOP Trust to the number of shares granted by share warrants at the time of selecting the share warrants system, BIP Trust, and ESOP Trust is 4:1.

(Translation purposes only)

(2) Stock options scale, and fluctuation status

The number of stock options existing in the current term is converted to number of shares.

(i) Number of stock options

	2007 2 nd stock option	2008 1 st stock option	2009 1 st stock option	2010 1 st stock option
Before rights allotment (shares)				
End of previous term	-	-	-	-
Granted	-	-	-	-
Expired	-	-	-	-
Allotment of rights	-	-	-	-
Undetermined remainder	-	-	-	-
After rights allotment (shares)				
End of previous term	95,100	78,700	59,100	93,600
Allotment of rights	-	-	-	-
Exercise of rights	42,600	36,300	25,300	28,100
Expired	52,500	3,700	800	3,800
Non-exercised remainder	-	38,700	33,000	61,700
	2011 1 st stock option	2011 2 nd stock option	2012 1 st stock option	2013 1 st stock option
Before rights allotment (shares)				
End of previous term	-	-	-	87,000
Granted	-	-	-	-
Expired	-	-	-	4,800
Allotment of rights	-	-	-	82,200
Undetermined remainder	-	-	-	-
After rights allotment (shares)				
End of previous term	63,400	5,000	115,600	57,900
Allotment of rights	-	-	-	82,200
Exercise of rights	30,200	5,000	44,500	57,000
Expired	-	-	2,400	4,900
Non-exercised remainder	33,200	-	68,700	78,200

(Translation purposes only)

	2013 2 nd stock option	2013 3 rd stock option	2014 1 st stock option	2014 2 nd stock option
Before rights allotment (shares)				
End of previous term	2,500	17,500	9,500	2,800
Granted	-	-	-	-
Expired	-	17,500	1,000	-
Allotment of rights	2,500	-	-	1,400
Undetermined remainder	-	-	8,500	1,400
After rights allotment (shares)				
End of previous term	-	12,100	11,100	-
Allotment of rights	2,500	-	-	1,400
Exercise of rights	2,500	12,100	3,600	-
Expired	-	-	200	-
Non-exercised remainder	-	-	7,300	1,400
	2015 1 st stock option	2016 1 st stock option	2017 1 st stock option	
Before rights allotment (shares)				
End of previous term	44,100	30,100	-	
Granted	-	-	27,800	
Expired	3,600	7,300	1,000	
Allotment of rights	21,100	-	-	
Undetermined remainder	19,400	22,800	26,800	
After rights allotment (shares)				
End of previous term	-	-	-	
Allotment of rights	21,100	-	-	
Exercise of rights	3,500	-	-	
Expired	-	-	-	
Non-exercised remainder	17,600	-	-	

(Translation purposes only)

(2) Unit cost

		2007 2 nd stock option	2008 1 st stock option
Exercise price	(yen)	5,240	4,787
Ave. stock price in exercise	(yen)	7,445	8,295
Fair valuation unit price (Date of grant)	(yen)	1,485	736

		2009 1 st stock option	2010 1 st stock option
Exercise price	(yen)	3,930	4,338
Ave. stock price in exercise	(yen)	8,567	8,364
Fair valuation unit price (Date of grant)	(yen)	649	534

		2011 1 st stock option	2011 2 nd stock option
Exercise price	(yen)	2,698	3,390
Ave. stock price in exercise	(yen)	8,476	9,020
Fair valuation unit price (Date of grant)	(yen)	524	648

		2012 1 st stock option	2013 1 st stock option
Exercise price	(yen)	4,025	3,942
Ave. stock price in exercise	(yen)	8,595	9,014
Fair valuation unit price (Date of grant)	(yen)	828	648

		2013 2 nd stock option	2013 3 rd stock option
Exercise price	(yen)	4,045	4,395
Ave. stock price in exercise	(yen)	9,767	7,376
Fair valuation unit price (Date of grant)	(yen)	824	904

(Translation purposes only)

		2014 1 st stock option	2014 2 nd stock option
Exercise price	(yen)	4,280	5,335
Ave. stock price in exercise	(yen)	8,703	-
Fair valuation unit price (Date of grant)	(yen)	876	889

		2015 1 st stock option	2016 1 st stock option
Exercise price	(yen)	5,200	5,962
Ave. stock price in exercise	(yen)	9,041	-
Fair valuation unit price (Date of grant)	(yen)	847	972

		2017 1 st stock option
Exercise price	(yen)	8,940
Ave. stock price in exercise	(yen)	-
Fair valuation unit price (Date of grant)	(yen)	1,645

4 Stock option fair valuation unit estimation method

The method of estimating the fair valuation unit for the 2017 first stock options granted at the current term end is as follows.

- (i) Used valuation method Black-Scholes method
- (ii) Main fundamental figures and estimation method

	2017 1 st stock options
Stock Volatility (Note) 1	23.3%
Expected remaining time (Note) 2	6.5 years
Expected dividend yielding (Note) 3	1.28%
Non-risk interest rate (Note) 4	-0.09%

(Note) 1 Calculated based on actual stock prices in the period in respect to the expected remaining period.

2 As reasonable estimation is difficult, estimated taking that rights will be exercised at the center point of the rights exercise period.

3 Based on the dividend payouts in the May 2017 term.

4 Interest of national bonds in the term in respect to the expected remaining period.

5 Method of estimating number of stock option rights allotted

Basically, as it is difficult to reasonable estimate the number expired in the future, a method which reflects only the number which have expired is used.

(Translation purposes only)

(Tax effect accounting related)

1 Main reasons for the generation of deferred tax assets and deferred tax liabilities

(Deferred tax assets)

(Unit: Million yen)

	Previous term end (as of May 31, 2017)	Current term end (as of May 31, 2018)
Accounts payable-other	517	521
Enterprise tax payable	341	567
Advanced received	837	1,416
Provision for bonuses	468	523
Depreciation expenses excess	173	193
Investment securities valuation loss	18	18
Other	213	236
Total	2,570	3,477

2 Due to the important difference between the effective statutory tax rate and burden rate of the corporate tax, etc. after tax effect accounting is imposed, the details of the main reasons for the difference are indicated.

As the difference in the previous term end and in current term end are below 5/100 of the effective statutory tax rate, it has been omitted here.

(Asset retirement obligations)

Omitted as not important.

(Real estate related such as rent)

Not applicable.

(Translation purposes only)

【Segment Information】

1. Overview of Reportable Segments

The reportable segments of the Company are segments for which separate financial statements are available and which the supreme decision-making body examines regularly to determine the distribution of management resources and to evaluate performance. Based on organizational structures and the characteristics of products and services, the Company has classified business segments into three reportable segments: Cloud and Software (note), Hardware systems, and Services.

Cloud and Software segment sells variety of licenses and software services via the Internet of database management software, middleware, and application software that are used in corporate activities. This business segment also provides software license update rights and technical support.

The Hardware systems segment sells hardware including servers and storage products, and provides technical support for hardware products and the maintenance and repair of hardware.

The Services segment offers Consulting services, Advanced customer support services, and Education services.

(Note) The Company has implemented an organizational change by integrating the New software licenses and cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment as the Cloud and Software segment.

2. Accounting methods used to calculate segment income (loss), segment assets and other items for reportable segments

Accounts for reportable segments are for the most part calculated in line with Significant Accounting Policies. Segment income (loss) for reportable segments is based on operating income (loss).

3. Segment income (loss), segment assets and other items for reportable segments

Previous term (from June1, 2016 to May 31, 2017)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and Software	Hardware systems	Services	Total		
Sales						
External customers	135,273	19,551	18,365	173,190	-	173,190
Intersegment net sales or transfer	-	-	-	-	-	-
Total	135,273	19,551	18,365	173,190	-	173,190
Operating income (loss)	51,641	930	4,634	57,206	-4,681	52,524
Other item						
Depreciation (Note) 3	814	135	153	1,103	280	1,383

(Notes) 1 A segment profit adjustment of minus 4,681 million yen is a Company-wide expense, which primarily relates to administrative departments that do not belong to any reported segment.

2 Segment profits are adjusted in comparison with operating income in the statement of income.

3 Depreciation in Adjustment primarily relates to administrative departments that do not belong to any reportable segment.

4 Based on the decision of management, the supreme decision-making body does not allocate segment information on assets to reportable segments. Consequently, the Company does not disclose that information.

(Translation purposes only)

Current term (from June1, 2017 to May 31, 2018)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and Software	Hardware systems	Services	Total		
Sales						
External customers	146,518	18,063	20,898	185,481	-	185,481
Intersegment net sales or transfer	-	-	-	-	-	-
Total	146,518	18,063	20,898	185,481	-	185,481
Operating income (loss)	55,126	833	4,912	60,872	-4,862	56,009
Other item						
Depreciation (Note) 3	1,226	110	171	1,508	286	1,795

(Notes): 1A segment profit adjustment of minus 4,862 million yen is a Company-wide expense, which primarily relates to administrative departments that do not belong to any reported segment.

2 Segment profits are adjusted in comparison with operating income in the statement of income.

3 Depreciation in Adjustment primarily relates to administrative departments that do not belong to any reportable segment.

4 Based on the decision of management, the supreme decision-making body does not allocate segment information on assets to reportable segments. Consequently, the Company does not disclose that information.

4. Change in Reported Segments

The Company has implemented an organizational change by integrating the New software licenses and cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment as the Cloud and software segment. The change was decided on after reviewing the business segments from a range of perspectives such as the current status of the Company relating to the development of businesses, the allocation of management resources, and the system of business management, as well as the situation in which the interrelationship and complementarity between the New software licenses and cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment were enhanced to the degree that the Company's businesses were underpinned through the provision of these services as one under the former segmentation.

The segment information for the previous term is presented based on the data and the name compiled according to the segmentation adopted after the change.

【Related information】

Previous term end (From June 1, 2016 to May 31, 2017)

1 Information by product and service

As the same information as segment information is disclosed, this has been omitted here.

2 Information by region

(1) Net sales

As net sales for outside customers in Japan exceed 90% of the net sales in the Statement of Income, this has been omitted here.

(2) Property, plant and equipment

As there are no properties, plants, and equipment located outside Japan, this has been omitted here.

(Translation purposes only)

3 Information by main customer

(Unit: Million yen)

Customer name	Net sales	Related segment name
NEC Corporation	18,390	Cloud and Software, Hardware systems and Services

Current term end(From June 1, 2017 to May 31, 2018)

1 Information by product and service

As the same information as segment information is disclosed, this has been omitted here.

2 Information by region

(1) Net sales

As net sales for outside customers in Japan exceed 90% of the net sales in the Statement of Income, this has been omitted here.

(2) Property, plant and equipment

As there are no properties, plants, and equipment located outside Japan, this has been omitted here.

3 Information by main customer

(Unit: Million yen)

Customer name	Net sales	Related segment name
NEC Corporation	26,374	Cloud and Software, Hardware systems and Services

【Information on impairment loss of noncurrent assets for each reported segment】

Not applicable.

【Information on amortization of goodwill and undepreciated balance for each reported segment】

Not applicable.

【Information on gain on negative goodwill for each reported segment】

Not applicable.

(Equity in earnings, etc.)

Not applicable.

(Translation purposes only)

【Notes to transactions with related parties】

1 Transactions with related parties

(1) Companies with the same parent company as that submitting financial statements, etc. and subsidiaries of other related companies of companies submitting financial statements

Previous term end (From June 1, 2016 to May 31, 2017)

Attribute	Corporate name	Location	Capital stock or capital amount	Business details or profession	Ratio of voting and other rights in possession (or being possessed) (%)	Relationship	Transactions	Transaction amount (million yen)	Item	Term-end balance (million yen)
Subsidiary of parent company	Oracle America, Inc.	U.S. California	0 000 US dollars	Development/sales of software and hardware, and provision of related services Possess/manage intellectual assets	—	Settlement of funds for transactions among Oracle Group companies and making a short-term loan	Payments of short-term loans receivable (Note) 1	90,300	Short-term loans receivable Accounts payable-trade	90,300
							Collection of Short-term loan receivable (Note) 1	100,000		
							Settlement of funds for transactions between Oracle Group companies (Note) 2	30,904	Accounts payable-other	6,531
								17,446	Accounts payable-trade	3,283
Subsidiary of parent company	Oracle International Corporation	U.S. California	0 000 US dollars	Development/sales of software and hardware, and provision of related services	—	Conclusion of sales agency agreements	Payment of royalties (Note) 3	42,473	Short-term loans receivable	4,744

(Note) Terms and conditions of transactions and decision of terms and conditions of transactions

- 1 The interest rate on loans is determined rationally after the market interest rate is taken into account. Interest income 8 million yen has been booked in this fiscal year (accumulated interest income is 9 million yen).
- 2 The settlement of funds for transactions among Group companies of Oracle Corporation (not including transactions with Oracle International Corporation) is processed through the account of Oracle America, Inc. The above transaction amounts in accounts payable and accounts payable-other are settlements, the majority of which are the payments of royalties (12,532 million yen in FY17) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products and services (14,691 million yen in FY17) relating to the Hardware Systems segment. In addition, royalties and prices for products and services purchased are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards.
- 3 Royalties are set at certain ratios of sales of Oracle products, with the ratios agreed between Oracle Corporation and Group companies that handle Oracle products, including our Company, using reasonable standards.

(Translation purposes only)

Current term end(From June 1, 2017 to May 31, 2018)

Attribute	Corporate name	Location	Capital stock or capital amount	Business details or profession	Ratio of voting and other rights in possession (or being possessed) (%)	Relationship	Transactions	Transaction amount (million yen)	Item	Term-end balance (million yen)
Subsidiary of parent company	Oracle America, Inc.	U.S. California	0 000 US dollars	Development/sales of software and hardware, and provision of related services	—	Settlement of funds for transactions among Oracle Group companies and making a short-term loan	Collection of short-term loans receivable (Note) 1	90,300	-	-
							Settlement of funds for transactions among Oracle Group companies (Note) 2	36,144	Accounts payable-trade	6,103
								15,009	Accounts payable-other	3,709
Subsidiary of parent company	Oracle International Corporation	U.S. California	0 000 US dollars	Possess/ manage intellectual assets	—	Conclusion of sales agency agreements	Payment of royalties (Note) 3	45,692	Accounts payable-trade	5,253

(Note) Terms and conditions of transactions and decision of terms and conditions of transactions

1 The interest rate on loans is determined rationally after the market interest rate is taken into account. Interest income 4 million yen has been booked in this fiscal year (accumulated interest income is 11 million yen).

2 The settlement of funds for transactions among Group companies of Oracle Corporation (not including transactions with Oracle International Corporation) is processed through the account of Oracle America, Inc. The above transaction amounts in accounts payable and accounts payable-other are settlements, the majority of which are the payments of royalties (13,141 million yen in FY18) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products and services (14,035 million yen in FY18) relating to the Hardware Systems segment. In addition, royalties and prices for products and services purchased are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards.

3 Royalties are set at certain ratios of sales of Oracle products, with the ratios agreed between Oracle Corporation and Group companies that handle Oracle products, including our Company, using reasonable standards.

(Translation purposes only)

(2) Officers and major shareholders of companies submitting financial statements (Limited to individuals)

Previous term end (From June 1, 2016 to May 31, 2017)

Related party	Name	Location	Capital stock or capital amount (million yen)	Business details or profession	Ratio of voting and other rights in possession (or being possessed) (%)	Relationship	Transactions	Transaction amount (million yen)	Item	Term-end balance (million yen)
Officer	Hiroshige Sugihara	-	-	The company's Director	(being possessed) direct 0.00	-	Execution of right of stock option (Note)	11	-	-
Officer	Shigeru Nosaka	-	-	The company's Director	(being possessed) direct 0.00	-	Execution of right of stock option (Note)	64	-	-
Officer	Hisayuki Ishizumi	-	-	The company's Executive Officer	(being possessed) direct 0.00	-	Execution of right of stock option (Note)	106	-	-
Officer	Tadahiro Kaneko	-	-	The company's Executive Officer	(being possessed) direct 0.00	-	Execution of right of stock option (Note)	12	-	-

(Note) Exercise of rights at the end of the current term of stock options granted based on the resolution of the Company's general meeting of shareholders is indicated.

Current term end (From June 1, 2017 to May 31, 2018)

Related party	Name	Location	Capital stock or capital amount (million yen)	Business details or profession	Ratio of voting and other rights in possession (or being possessed) (%)	Relationship	Transactions	Transaction amount (million yen)	Item	Term-end balance (million yen)
Officer	Shigeru Nosaka	-	-	The company's Director	(being possessed) direct 0.00	-	Execution of right of stock option (Note)	39	-	-
Officer	Ishizumi Hisayuki	-	-	The company's Executive Officer	(being possessed) direct 0.00	-	Execution of right of stock option (Note)	35	-	-
Officer	Satoshi Ogishi (Note)1	-	-	The company's Director	(being possessed) direct 0.00	-	Execution of right of stock option (Note)	21	-	-
Officer	Hiroshige Sugihara (Note)2	-	-	The company's Director	(being possessed) direct 0.00	-	Execution of right of stock option (Note)	53	-	-

(Note) 1. Mr. Satoshi Ogishi stepped down as director of the Company on August 23, 2017. The description above is for his term of office in the fiscal year under review.

2. Mr. Hiroshige Sugihara stepped down as director of the Company on November 30, 2017. The description above is for his term of office in the fiscal year under review.

3. The exercise of stock options granted under the resolution of the Company's shareholders meeting during the fiscal year under review is described.

(Translation purposes only)

2 Note on parent companies and important related companies

(1) Information on parent companies

The parent companies, etc. of Oracle Corporation Japan are Oracle Corporation, Oracle Systems Corporation, Oracle Global Holdings Inc, and Oracle Japan Holding Inc. Our actual parent company Oracle Corporation is a foreign listed company (New York Stock Exchange). Oracle Systems Corporation is a subsidiary of Oracle Corporation and parent company of Oracle Global Holdings Inc. Our direct parent company Oracle Japan Holding Inc. is a subsidiary of Oracle Global Holdings Inc.

Oracle Corporation continues to disclose financial reports of the above four companies including Oracle Corporation Japan.

(2) Condensed financial information of important related companies

Not applicable.

(Translation purposes only)

(Per Share Data)

(Unit: Yen)

Item	Previous term (From June 1, 2016 to May 31, 2017)	Current term (From June 1, 2017 to May 31, 2018)
Net assets per share	824.79	1,025.38
Net income per share	285.11	303.25
Net income per share (diluted)	284.55	302.66

(Note) The basis of calculation for net income per share and net income per share (diluted) is as shown below.

	Previous term end (From June 1, 2016 to May 31, 2017)	Current term end (From June 1, 2017 to May 31, 2018)
Net income per share		
Net income (millions of yen)	36,360	38,751
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	36,360	38,751
Average number of shares during the term (shares)	127,531,594	127,787,494
Net income per share (diluted)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (shares)	253,347	248,101
(Subscription right (shares))	(253,347)	(248,101)
Details of shares not included in calculation of diluted net income per share due to non-dilative effect	Subscription right (Type: 1 Numbers:301) Details are described in “Part 4 Status of Submitting Company, 1 Status of Stocks, etc. (2) Status of share warrants, etc.”	Subscription right (Type: 1 Numbers:268) Same as left

(Note) Posted as treasury stock included in shareholders' equity, the treasury shares which remain in the BIP trust and the ESOP trust are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term in order to calculate the net income per share and net income per share (diluted).

The average number of treasury shares during the term deducted in the calculation of net income per share and net income per share (diluted) were, specifically, 19,173 treasury shares owned by the BIP trust and 55,175 treasury shares owned by the ESOP trust for last year, 27,935 treasury shares owned by the BIP trust and 83,308 treasury shares owned by the ESOP trust for this year.

The Company's stock held by Board Incentive Plan Trust and Employee Stock Ownership Plan Trust deducted in the calculation of net assets per share were, specifically, 38,165 treasury shares owned by the BIP trust and 106,382 treasury shares owned by the ESOP trust for last year, 22,542 treasury shares owned by the BIP trust and 69,735 treasury shares owned by the ESOP trust for this year.

【Notes to subsequent events】

Not Applicable

(Translation purposes only)

(v) 【Supplemental schedules】

【Statement of property, plant and equipment, etc.】

Types of asset	Balance at beginning of current term (million yen)	Increase (million yen)	Decrease (million yen)	Balance at end of current term (million yen)	Accumulated depreciation or accumulated depreciation at end of current term (million yen)	Depreciation at end of current term (million yen)	Difference (million yen)
Property, plant and equipment							
Buildings	18,221	37	-	18,259	7,639	802	10,619
Tools, furniture and fixtures	5,728	1,516	270	6,974	3,802	990	3,171
Land	26,057	-	-	26,057	-	-	26,057
Construction in progress	-	15	-	15	-	-	15
Property, plant and equipment total	50,008	1,569	270	51,306	11,442	1,792	39,863
Intangible assets							
Software	-	-	-	104	100	2	4
Intangible assets total	-	-	-	104	100	2	4

(Note) As the amount of intangible assets is less than 1% of the total amount for assets, “Balance at beginning of current term”, “Increase”, and “Decrease” were omitted.

【Statement of corporate bonds】

Not applicable.

【Statement of borrowings, etc.】

Not applicable.

【Statement of provisions】

Category	Balance at beginning of current term (million yen)	Increase (million yen)	Decrease (Target use) (million yen)	Decrease (Other) (million yen)	Balance at end of current term (million yen)
Allowance for doubtful accounts	2	46	—	2	46
Provision for bonuses	2,035	2,281	2,035	—	2,281
Provision for director’s bonuses	22	7	22	—	7
Provision for product warranties	203	147	203	—	147
Provision for stock benefits	215	235	215	—	235

(Note) The decrease (Other) for Allowance for doubtful accounts is due to the reversal of allowance as a result of reevaluation.

【Statement of asset retirement obligations】

Not applicable.

(Translation purposes only)

(2) 【Details of main assets and liabilities】

(i) Assets

1) Cash and deposits

Category	Amount (million yen)
Cash	—
Deposit	
Current deposits	50,256
Ordinary savings	47,949
Separate deposits	120
Term deposits	71,000
Total	169,326

2) Accounts receivable-trade

(a) Breakdown of other party

Other party	Amount (million yen)
NEC Corporation	4,002
FUJITSU LIMITED	2,202
KDDI Corporation	1,673
Shinsei Bank, Ltd.	1,625
Other	10,367
Total	19,871

(b) Generation, collection, and frozen status of accounts receivable-trade

Balance at beginning of current term (million yen)	Amount generated in current term (million yen)	Amount collected in current term (million yen)	Balance at end of current term (million yen)	Collection rate (%)	Days Sales Outstanding (days)
(A)	(B)	(C)	(D)	$\frac{(C)}{(A) + (B)} \times 100$	$\frac{(A) + (D)}{2} \div \frac{(B)}{365}$
19,629	199,768	199,526	19,871	90.9	36.1

(Note) Consumption tax, etc. is included in Amount generated in current term.

(Translation purposes only)

(ii) Liabilities

1) Accounts payable-trade

Other Party	Amount (million yen)
Oracle America, Inc.	6,103
Oracle International Corporation	5,253
Oracle Financial Services Software Pte. Ltd.	1,730
Total	13,087

2) Corporate tax, etc. payable

Category	Amount (million yen)
Corporate tax payable	7,898
Inhabitant tax payable	1,240
Enterprise tax payable	1,852
Total	10,991

3) Advanced received

Other party	Amount (million yen)
NEC Corporation	8,231
ITOCHU Techno-Solutions Corporation	5,511
FUJITSU LIMITED	4,530
NSSL Service Corporation	4,239
NS Solutions Corporation	4,116
Other	43,232
Total	69,862

(3) 【Others】

Quarterly information, etc. in current fiscal year

(Cumulative period)	1 st quarter	2 nd quarter	3 rd quarter	Current term end
Revenue (million yen)	41,256	84,136	131,716	185,481
Income before income taxes (million yen)	12,313	25,081	39,267	56,082
Net Income (million yen)	8,478	17,270	27,028	38,751
Net income per share (yen)	66.43	135.25	211.57	303.25

(Accounting period)	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
Net income per share (diluted) (yen)	66.43	68.81	76.32	91.66

(Translation purposes only)

VI 【Overview of Administrative Duties at Submitting Company】

Fiscal year	June 1 – May 31 (the following year)
Annual General Meeting	By the end of August
Reference date	May 31
Reference date for surplus distribution	November 30 May 31
Number of shares per unit	100 shares
Purchase of fractional shares	
Location	(Special account) 1-4-5 Marunouchi, Chiyoda-Ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Shareholder register manager	(Special account) 1-4-5 Marunouchi, Chiyoda-Ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Broker	-
Transaction fees	Free
Public notice method	Electronic notice. Published on Nikkei (Shihon Keizai Shimbun) in the event of accident or other unavoidable situations where electronic notice is not possible. Public notice URL http://www.oracle.com/jp/corporate/investor-relations/index.html
Shareholder benefits	N/A

(Note) Owners of fractional shares are not entitled to rights other than the following:

- (1) Rights listed in Paragraph 2 of Article 189 of the Companies Act and claim rights
- (2) Rights to receive and claim allocation of new shares or share option for subscription that correspond to fractional ownership

(Translation purposes only)

VII 【Reference Information on Submitting Company】

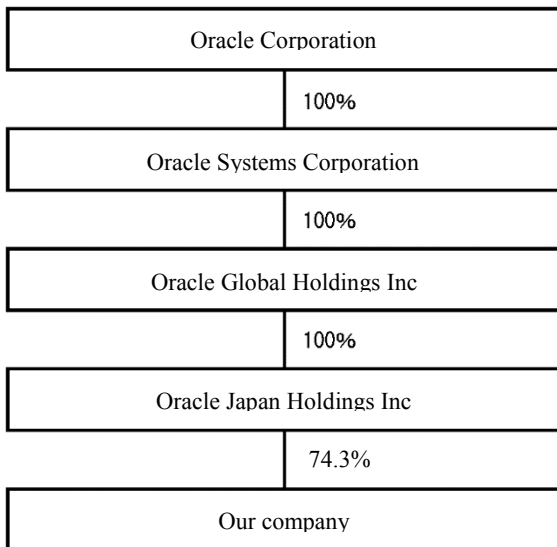
1. 【Information on Parent Companies, etc. at Submitting Company】

The four parent companies are "Oracle Corporation", "Oracle Systems Corporation", "Oracle Global Holdings Inc." and "Oracle Japan Holding Inc.". The effective parent company, "Oracle Corporation", is an overseas public company (listed on the New York Stock Exchange).

"Oracle Systems Corporation" is a subsidiary of "Oracle Corporation", and the parent company of "Oracle Global Holdings Inc.". Our direct parent company, "Oracle Japan Holding Inc.", is a subsidiary of "Oracle Global Holdings Inc."

"Oracle Corporation" provides continuous disclosure on the abovementioned four companies including our company. In addition, "Oracle Systems Corporation", "Oracle Global Holdings Inc." and "Oracle Japan Holding Inc." submit parent company status report.

(Parent and subsidiary companies diagram)



(Note) The voting right ownership percentage mentioned here includes indirect ownership.

(Translation purposes only)

2. 【Other Information for Reference】

The following documents have been submitted between the start date of the current fiscal year and the date of submission of the Securities Report.

- (1) Securities Report, its attached documents, certification of Securities Report
August 24, 2017 submitted to Kanto Local Finance Bureau
Fiscal year (32nd) (From June 1, 2016 to May 31, 2017)
- (2) Internal control report
August 24, 2017 submitted to Kanto Local Finance Bureau
Fiscal year (32nd) (From June 1, 2016 to May 31, 2017)
- (3) Quarterly reports, certifications of quarterly reports
33rd fiscal year 1st quarterly report (From June 1, 2017 to August 31, 2017) submitted to Kanto Local Finance Bureau on October 13, 2017
33rd fiscal year 2nd quarterly report (From September 1, 2017 to November 30, 2017) submitted to Kanto Local Finance Bureau on January 12, 2018
33rd fiscal year 3rd quarterly report (From December 1, 2017 to February 28, 2018) submitted to Kanto Local Finance Bureau on April 13, 2018
- (4) Extraordinary reports
On August 24, 2017 submitted to Kanto Local Finance Bureau
Extraordinary report based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Cabinet Office Ordinance Article 19, paragraph 2, item 9-2 regarding company disclosure (Resolution at shareholders meeting)

(Translation purposes only)

Part 2 【Information on Guarantor Companies, etc. for Submitting Company】

Not applicable

(Translation purposes only)

Translation

Following is an English translation of the Independent Auditor's Report and Internal Control Audit Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditor's Report and Internal Control Audit Report

August 21, 2018

Oracle Corporation Japan
The board of Directors

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Mitsunobu Yamaguchi, Certified Public Accountant

Designated and Engagement Partner
Masato Endo, Certified Public Accountant

<Financial statements audit>

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Law of Japan, we have audited the accompanying financial statements of Oracle Corporation Japan included in "Financial Information" for the 33rd fiscal year from June 1, 2017 to May 31, 2018, which comprise the balance sheet, the statements of income, changes in net assets and cash flows, the significant accounting policies, the other related notes, and the supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oracle Corporation Japan as at May 31, 2018, and its financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan. (Translation purposes only)

(Translation purposes only)

<Internal control audit>

Pursuant to Article 193-2, paragraph 2, of the Financial Instruments and Exchange Law of Japan, we also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the financial statements as at May 31, 2018 of Oracle Corporation Japan (the "Management's Report").

Management's Responsibility for the Management's Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the Management's Report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not prevent or detect misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Management's Report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the result of management's assessment on internal control over financial reporting in the Management's Report. The procedures selected depend on the auditor's judgment, including the materiality of effect on the reliability of financial reporting. An internal control audit also includes evaluating the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Management's Report referred to above, which represents that the internal control over financial reporting as at May 31, 2018 of Oracle Corporation Japan effective, present fairly, in all material respects, the result of management's assessment on internal control over financial reporting in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

* 1 The above is a digital version of the original of the audit report, and the original is kept separately by the company.

2 XBRL data is unaudited.

3 The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

(Translation purposes only)

【Title page】

【Submitted document】	Internal Control Report
【Text used as grounds for document】	Article 24-1 of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	August 21, 2018
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
【Name of administrative contact】	Shigeru Nosaka, Executive Officer, Deputy President and CFO
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

(Translation purposes only)

1 【Regarding the basic framework of internal control related to financial reporting】

Tadahiro Kaneko, Representative Executive Officer, Chief Legal Office, and Shigeru Nosaka, Executive Officer, Deputy President and CFO, are responsible for the preparation and implementation of our firm's internal control related to financial reporting. Our company prepares and implements internal control related to financial reporting based on the internal control framework in the memorandum on "evaluation and auditing standards of internal control related to financial reporting and setting implementation criteria related to evaluation and auditing of internal control related to financial reporting", that was published by the Business Accounting Council.

In addition, internal control achieves its goal within a reasonable range through organically connecting and integrating various basic elements of the internal control system. Therefore, it may not be possible to completely avoid or discover fail entries in financial reporting through internal control.

2 【Regarding the scope, reference date and procedure of evaluation】

Evaluation of the internal control system related to financial reporting is conducted using fiscal year end May 31, 2018 as the reference date. Evaluation is based on evaluation standards of financial reporting related internal control systems that are commonly deemed as fair and reasonable.

The process evaluates the internal control system (the entire company's internal control system), which is critical to financial reporting. Based on results of the evaluation, business process is selected. Regarding the evolution of business process, based on analysis of selected business process, the effectiveness of the internal control system is evaluated based on identifying key points that are influential to the reliability of financial reporting are identified and evaluating the condition of preparation and implementation of key points of the internal control system.

The evaluation scope of the financial reporting internal control system is determined based on factors that are influential to the reliability of financial reporting. The importance of influence on the reliability of financial reporting is determined based on considerations for the importance of quantitative and qualitative influence. The scope of evaluation for internal control system related to business process is based on evaluation results of the entire company's internal control system.

Regarding the evaluation scope of internal control system related to business process, it is referred to as "Key business base". For selected Key business base, business process for accounting items related to sales and accounts receivables that have huge impact on corporate business objectives is evaluated. In addition, business process related to key accounting items of estimates and forecast that carry high probability of false entries or business transactions that have high risk and are deemed to have high impact on financial reporting are also evaluated.

3 【Evaluation results】

As a result of implementing the above evaluation procedures, it has been determined that internal control of the fiscal report as of May 31, 2018 is effective.

4 【Appendix】

Not applicable

5 【Appendix】

Not applicable

(Translation purposes only)

【Title page】

【Submitted document】	Certification
【Text used as grounds for document】	Article 24-1 of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	August 21, 2018
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
【Name of administrative contact】	Shigeru Nosaka, Executive Officer, Deputy President and CFO
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

(Translation purposes only)

1 【Regarding the adequacy of the Securities Report】

Tadahiro Kaneko, Representative executive officer, Chief Legal Officer and Shigeru Nosaka, Executive Officer, Deputy President and CFO of the company, confirmed the adequacy of the 33rd Securities Report based on Financial Instruments and Exchange Act (for the period from June 1, 2017 to May 31, 2018)

2 【Special mention】

Upon confirmation, there are no items needing of special mention.