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Sec. Code 4716

August 5, 2014

To Our Shareholders

Shigeru Nosaka

Director

**Oracle Corporation Japan**

Kita-Aoyama 2-5-8, Minato-ku, Tokyo

## **NOTICE OF THE 29<sup>th</sup> ANNUAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 29<sup>th</sup> Annual Meeting of Shareholders.

If you are unable to attend the meeting, you may vote on the proposals in advance by mail or via the Internet. To do so, please exercise your voting right after examination with reference materials. Please refer to the “Procedure for exercising voting rights via the Internet” on pages if you plan to vote on the proposals via the Internet.

1. **Date:** **Thursday**, August 21, 2014, at 10:00 a.m.
2. **Place:** Banquet room “Tsuru”, Banquet Floor The Main Building, Hotel New Otani Tokyo, 4-1 Kioi-cho, Chiyoda-ku, Tokyo, Japan 102-8578  
Note: The place has been changed from previous place. Please kindly refer to the last page for details.

**3. Meeting Objectives:**

**Reporting:**

Presentation of the Business Report, Balance Sheet and Statement of Income for the 29<sup>th</sup> Business Period (from June 1, 2013 to May 31, 2014)

**Agenda:**

- |                   |  |
|-------------------|--|
| <b>Proposal 1</b> | Election of 8 Directors  |
| <b>Proposal 2</b> | Issuance of share warrants to Directors, Executive Officers and Employees of the Company |

#### 4. Guidance for the exercise of voting rights:

[Vote on the proposals by mail]

Please indicate your approval or disapproval of each proposal on the enclosed document for the exercise of voting rights, and then mail it to arrive by 5:00 p.m. on Wednesday, August 20, 2014.

[Vote on the proposals via the Internet]

Please vote on the proposals from the e-vote website (<http://www.evotep.jp/>) by 5:00 p.m. on Wednesday, August 20, 2014. Please refer to the "Procedure for exercising voting rights via the Internet" on pages 3-4 if you plan to vote on the proposals via the Internet. Please refer to the "Procedure for exercising voting rights via the Internet" on next page.

End of proposals

If you plan on attending the meeting, please submit the enclosed document for the exercise of voting rights to the receptionist at the meeting.

If the entries of the business report, statements of account or reference material for the meeting of shareholders need to be amended, we post all revised subjects on our website (<http://www.oracle.com/jp/corporate/investor-relations/index.html>).

Please tell us your questions and opinions about the Company's management and meeting of shareholders. Refer to the page for accepting opinions and questions on the Company's website shown below.

**<http://www.oracle.co.jp/K29>**

You do not need to provide personal information, such as your address and your name.

Period: August 5, 2014 to August 29, 2014

#### © Other requests

Please note that in the event of unforeseeable circumstances, the proceedings may need to be changed.

Please see information on evacuation routes at the end of this notice or at the site and at the place.

We will have turned down the air conditioning, and our officers and staffs are wearing light clothing. We ask for your understanding and cooperation.

## [Procedure for Exercising Voting Rights via the Internet]

When exercising your voting rights by using the Internet, keep the following in mind:

Notes:

### 1. E-vote website

- (1) You may exercise your right to vote at our specified site (<http://www.evotep.jp/>) from a personal computer, Smartphone, or cellular phone (i-mode, Ezweb, Yahoo!mobile).  
(i-mode, Ezweb, Yahoo! are trademarks or registered trademarks of NTT DoCoMo, KDDI and Yahoo! Inc. respectively. ).
- (2) Votes by personal computer or Smartphone will depend on your environment for the usage of Internet services. When you use Internet firewalls or antivirus software or proxy servers, votes by the Internet may not be possible.
- (3) Note that service by i-mode or Ezweb or Yahoo!mobile is necessary for exercising your right to vote by cellular phone. In that case, votes by cellular phone will depend on model of your cellular phones. For security, cellular phone models of which SSL communication and cellular phone information transmission are available are only applicable.
- (4) Votes by the Internet will be accepted until up to 5:00 p.m. of the day prior to the day of the Annual Meeting of Shareholders (Wednesday, August 20, 2014). However, for consideration of totaling the results of exercising voting rights, please exercise your voting rights as early as possible. If you have questions, please contact our help desk.

### 2. Procedure for exercising voting rights by the Internet

- (1) At our e-vote website (<http://www.evotep.jp/>), please exercise your voting rights following the guidance on the screen, using the voting rights code and temporary password given on the voting form (or your registered password).
- (2) To avoid incorrect access by person who is not our shareholder and falsification of your exercise, we will request the change of your temporary password and the acquisition of our specified electronic certificate.
- (3) Concerning the voting rights code, new one will be given every Notice of Annual Meeting of Shareholders.

3. Treatment when the exercise of voting rights is conducted several times

- (1) If you exercise your right to vote by using the Internet, to vote by document is unnecessary. When you exercise your right to vote both by document and by using the Internet, the vote submitted by using the Internet will be accepted.
- (2) The last exercise of voting rights will be assumed to be valid when the exercise of voting rights is conducted more than once via the Internet. The last exercise of voting rights will be assumed to be valid when you exercise your right to vote both by personal computer, Smartphone, and cellar phone.

4. Expenses for the access to the site for exercising voting rights

When you access a site to exercise your voting rights, connection fees for internet access and telephone fees payable to communication carriers will be charged, and you bear those expenses. When you use cellar phone, packet communication fees and other fees will be charged, and you bear those expenses.

5. Receiving a Notice of the Annual Meeting

From next general shareholders meeting, you can receive a Notice of the Annual Meeting by E-mail. If you are interested, take the necessary procedure at the site at which you exercise your right to vote through personal computer or Smartphone. (You neither take procedure by cellar phone nor designate mail-address of cellar phone.)

<p>Contact related to the system Mitsubishi UFJ Trust Bank Custody service (help desk) TEL:0120-173-027 (9:00-21:00 free dial)</p>
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\*Note: This service is available in Japanese language only.

## **Business Report**

(From June 1, 2013 to May 31, 2014)

### **1. OVERVIEW OF THE COMPANY**

#### **(1) Progress and Results of Business**

During the fiscal year under review (hereinafter “this year”), the Japanese economy had been on the way to recovery at a moderate pace during this year, which had been driving the improvement of stock market momentum and the consumer demands. The customers’ willingness to make IT investment had also showed the improvement especially in the financial industry and the distribution service industry.

Under such business environment, during this year, the Company posted revenue of 154,972 million yen (up 1.2% year on year), operating income of 44,315 million yen (increasing 3.8%), ordinary income of 44,314 million yen (rising 3.3%), and net income of 27,171 million yen (up 2.6%). Each of these figures represents new record highs.

The results of each business segment are as follows:

#### **[New software licenses and Cloud software subscriptions]**

The customers’ willingness to invest had been showing improvement for such as IT infrastructure especially in the financial industry and the distribution service industry. In the first half of the fiscal year under review, revenue in the New software licenses and Cloud software subscriptions segment declined from a year ago, when there were large-scale projects. Revenue increased in the second half, but was 45,466 million yen (down 4.4% year on year) in the full 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 that are used for the IT infrastructure of companies, etc. Cloud software subscriptions provides access to select Oracle software applications and software platforms on a subscription basis through a cloud-based computing environment.

Revenue in the New software licenses was 42,874 million yen (decreasing 4.4% year on year), and revenue in the Cloud software subscriptions was 2,591 million yen (down 4.3% year on year).

In the New software licenses, in July 2013, the Company launched “Oracle Database 12c”, the latest database product, “Oracle WebLogic Server 12.1.2”, the latest application server, “Oracle Coherence 12.1.2”, the most recent in-memory data grid, “Oracle Cloud Application Foundation 12c”, the latest group of cloud application foundation products, in-memory applications of “JD Edwards EnterpriseOne”, an ERP product for medium-sized companies, and the latest version of “Oracle Utilities”, an application for the public utility industries. In August, the Company launched “Oracle Enterprise Manager 12c”, the latest operation management solution that works in the cloud environment. The Company launched the latest version of “Oracle WebCenter” in September, and “Oracle E-Business Suite R12.2”, a latest version of ERP product in October. In December the Company launched “Oracle Edeca information Discovery 3.1”, the latest version of the only complete data discovery solution for the enterprises with new self-service discovery capabilities including agile data mashup and extended support for unstructured analytics. In January 2014, the Company launched the latest version of data integration products, “Oracle Golden Gate 12c” and “Oracle Data integrator 12c”. In February the Company launched “Oracle In-Memory Cost Management for Process Industries.

In the Cloud software subscriptions, sales of customer experience products that increase customer satisfaction by improving customer experience—which refers to the set of perceptions a customer has with a company throughout the purchase and ownership interactions—were solid. In July 2013, the Company introduced the latest version of “Oracle Taleo Cloud Service”. The Company started offering “Oracle Social Relationship Management” which helps users to manage and scale the relationship with their customers on social media channels in October, and “Oracle Eloqua” which automates marketing activities in November. In January 2014, the Company launched “Oracle Cloud Adapter for Salesforce.com”, the first Oracle Cloud Adapter and also introduced the package product including this adapter for a single integration platform to unify cloud and on-premises applications. In April, the Company launched “Oracle HCM Cloud”, which has enhanced the social media, mobile, and business analytics functions.

#### **[Software license updates & product support]**

Revenue in the Software license updates & product support segment was 68,594 million yen, increasing 2.2% from the corresponding period of the previous fiscal year.

This segment updates software for customers using the Company’s software licenses and provides technical 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.

#### **[Hardware systems]**

Revenue in the Hardware systems segment was 23,532 million yen, up 6.0% from the corresponding period of the previous fiscal year.

This segment consists of the Hardware systems product division, which sells servers, storage products, 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, the maintenance and repair of hardware, and updated versions of software, including operating systems. Revenue in the Hardware systems product division stood at 13,724 million yen (rising 10.9% year on year).

Sales of engineered systems and storage products were strong. In July 2013, the Company launched “Oracle SuperCluster T5-8”, an engineered system containing the SPARC T5 processor and in August, “Oracle Exalytics In-Memory Machine X3-4”, the latest machine for fast analysis. The Company launched “Oracle Virtual Compute Appliance” in September, an engineered system that simplifies the way customers install, deploy, and manage virtual computing infrastructures. In October, “SPARC M6-32 Server”, the server products equipped with SPARC M6 processor, “Oracle SuperCluster M6-32”, an engineered system containing the SPARC M6-32 Server, “Oracle ZFS Storage ZS3”, which simplifies Oracle Database deployments and managements, “StorageTek T10000D”, a latest product of tape drive storage, and “Sun Server X-4” series, the x86 server products equipped with Intel Xeon processors. In January 2014, the Company launched “Oracle Exadata Database Machine X4”, a latest extremely high speed database machine and “Oracle Exalogic Elastic Cloud X4-2”, a latest version of engineered system Oracle Exalogic Elastic Cloud providing extreme performance, reliability and scalability for Oracle, Java and other applications.

Revenue in the Hardware Systems Support division was 9,808 million yen (down 0.2% year on year).

**[Services]**

Revenue in the Services segment was 17,378 million yen, increasing 6.8% from the corresponding period of the previous fiscal 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; Education services, which provide training for engineers and users, and also encompasses a technology qualification business; and.

Revenue from preventive maintenance services, especially services for the engineered systems was strong and revenue from consulting services was solid. In education services, the Company started offering new training courses and certification programs for "Oracle Database 12c" in September and November 2013, respectively.

## &lt;Revenue breakdown by business segments&gt;

Item	FY2013		FY2014		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
New software licenses	44,852	29.3	42,874	27.7	-4.4
Cloud software subscriptions	2,707	1.8	2,591	1.7	-4.3
New software licenses and Cloud software subscriptions	47,560	31.1	45,466	29.3	-4.4
Software license updates & product support	67,109	43.8	68,594	44.3	2.2
Software related	114,669	74.9	114,060	73.6	-0.5
Hardware systems products	12,370	8.1	13,724	8.9	10.9
Hardware systems support	9,831	6.4	9,808	6.3	-0.2
Hardware systems	22,202	14.5	23,532	15.2	6.0
Services	16,276	10.6	17,378	11.2	6.8
Total	153,148	100.0	154,972	100.0	1.2

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

**(2) Capital investment**

The total amount of the company's capital investment in this period was 1,092 million yen which includes purchase of leasehold improvements due to the office relocation to Akasaka Office. This capital investment includes payments for guarantee deposits.

### (3) Issues to address

#### ①Our 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 way in which IT is used likewise continues to advance. The Company believes that its purpose is to help customers become more competitive and improve performance, and to offer society with greater convenience by creating roles and values of IT.

Moreover, we have promoted corporate activities designed to make the Company an “IT corporation that is the most highly trusted and respected,” under the following three basic business policies:

- 1) The Company will offer products and services that can enhance the productivity of our customers and help develop the Japanese economy.
- 2) The Company will strive for the overall development of the IT industry in Japan, together with our partners.
- 3) The Company will train IT engineers able to assume leading roles globally, through “Oracle Master” and other systems.

We understand that these efforts will enable the Company to continuously enhance its corporate value and to offer benefits to our shareholders and other stakeholders.

#### ②Targeted business indices

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

#### ③Business strategies for the medium and long terms

- 1)The Midterm Corporate Strategy from FY12 to FY14.

To achieve its basic business policy of creating new IT value and contributing to customer success and the development of society, the Company has developed the Midterm Corporate Strategy “Grow Grow Grow,” which covers the year ended May 2012 through the year ended May 2014, seeking to harness the outcomes of Oracle Corporation’s proactive product development and M&A strategies and to build long-term partnerships with its customers. Under the Midterm Corporate Strategy, the Company has pursued two strategies: Growth Initiatives for external growth and a Foundation strategy for bolstering the management base.

Through Growth Initiatives, we have introduced a business model that focuses on developing market-leading solutions based on our databases, which hold a dominant share of the market, and extensive and competitive product lines encompassing hardware and applications and strengthening our market coverage and sales skills.

In the Foundation strategy, to execute the Growth Initiative, the Company has nurtured diversified and professional talented personnel, and has created a comprehensive management foundation to fully utilize its global management resources. Through these initiatives, in the three consecutive years from the year ended May 31, 2011 through the year ended May 31, 2014, the Company achieved rises both in revenue and income.



Results in the three years are as follows:

		FY11	FY12	FY13	FY14	CAGR
Revenue	Mil yen	132,724	142,919	153,148	154,972	5.3%
Operating Income	Mil yen	37,191	40,432	42,673	44,315	6.0%
Ordinary Income	Mil yen	37,316	40,480	42,902	44,314	5.9%
Net Income	Mil yen	22,065	23,709	26,494	27,171	7.2%
Net Income per share	Yen	173.62	186.55	208.47	213.75	7.2%

Given the revitalization of the financial and distribution markets, the Company won large-scale IT projects through initiatives that included the strengthening of sales capabilities, strategic alliances with partners, and the launch of new competitive products. In the three years to the fiscal year ended May 31, 2014, the final year of the medium-term management plan, the Company recorded a compound annual growth rate (CAGR) of 5.3% in revenue, a CAGR of 6.0% in operating income and a CAGR of 7.2% in the net income per share.

## 2) The medium and long terms Vision to 2020

In the fiscal year 2015, to aim to earn the long-term trust and respect of our customers and become the No.1 cloud company in 2020, the company will seek to achieve sustainable business growth with (i) the comprehensive promotion of the cloud business, (ii) the strengthening of direct sales capabilities to further enhance customer experience, (iii) the development of a Go-To-Market strategy including alliances for new market development, and (iv) the introduction of best practices overseas in Japan and collaboration with global organizations to support the overseas operations of Japanese customers.

### (i) Expansion of cloud computing business

We will lead the cloud computing industry by developing an extensive cloud portfolio. Our goal is to provide companies developing private clouds and service providers intending to build public clouds with comprehensive solutions for Platform as a Service (PaaS) and Infrastructure as a Service (IaaS), in addition to Software as a Service (SaaS) that provides access to software over the Internet. By deploying broad portfolio of cloud computing, we would like to demonstrate our leadership for the growth of cloud computing market.

### (ii) Strengthening of direct sales capabilities to further enhance CX

We will enhance and expand our direct sales and operating structure from our customer's perspective. And we will bolster the development of true partnerships with our customers and support the customer's challenges by delivering Oracle's total value and product specializations which meet their needs.

### (iii) Deployment of Go-To-Market strategy including alliances for new market development

We will meet customers' expectations more swiftly by enhancing our total solution capability consisting of the products/services specialized together with "Product sales", "Marketing development" and "Product management". We will also expand our businesses by seeking strategic cooperation with our partners.

### (iv) Collaboration with global organizations to support overseas operations of Japanese customers.

Through these initiatives we aim to achieve strong growth in revenue and operating income and to maximize our corporate value. We respectfully ask for the continued support from our shareholders.

(4) Performance and Assets

Category	26th fiscal year ending May 2011	27th fiscal year ending May 2012	28th fiscal year ending May 2013	29th fiscal year ending May 2014
Revenue (M Yen)	132,724	142,919	153,148	154,972
Ordinary income (M Yen)	37,316	40,480	42,902	44,314
Net income (M Yen)	22,065	23,709	26,494	27,171
Earning per share (Yen)	173.62	186.55	208.47	213.75
Total assets (M Yen)	132,982	111,493	136,810	154,002
Net assets (M Yen)	86,176	60,438	77,473	94,401
Net assets per share (Yen)	671.67	468.20	601.77	734.20

(Note) The sharp declines in total assets and net assets in the 27th business period (fiscal year ended May 31, 2012) primarily reflected a year-end dividend per share of 390 yen for the 26th business period (including a special dividend of 297 yen, with 221 yen from capital surplus).

(5) Parent company and consolidated subsidiaries

① Relationship with the parent company

Oracle Corporation Japan's parent company is Oracle Japan Holding, Inc. (California, U.S.A), which owns 74.9% of voting rights (94,967 thousand shares) of the company's stock. This company is a subsidiary of Oracle Corporation (California, U.S.A).

Oracle Corporation Japan sells products developed and provided by Oracle Corporation and subsidiary companies of Oracle Corporation, and pays purchasing expenses and a certain percentage of the sales as a royalty to Oracle Corporation.

② Major consolidated subsidiaries

Not applicable.

(6) Major business

Oracle Corporation Japan sells software, such as relational database management software, middleware, and applications; and hardware, including servers, storage devices, and network devices. It's products which are used for building and operating IT environments, including cloud computing environments. Certain products are offered through subscriptions to services in cloud computing environments. In addition, the Company provides services to support the introduction and use of these products.

As of May 31, 2014

Category		Description of business
New License & Cloud Software Subscriptions	New Licenses	Providing licenses for business application software, including database management software, middleware products, and ERP, which are used for IT infrastructure at companies and other organizations
	Cloud Software Subscriptions	Providing software and software implementation infrastructure as services under agreements for certain periods in cloud computing environments
Software Update & Product Support		Providing updated versions of software products, patches (modified programs), and technical support through the Internet and by phone, including My Oracle Support.
Hardware Systems	Hardware Systems Product	Sales of servers equipped with SPARC micro processors or Intel micro processors, storage devices for managing and storing data assets safely using tapes and disks, and Engineered Systems, such as Oracle Exadata and Oracle Exalogic Elastic Cloud, which integrate hardware and software. Providing operating systems (OS), such as Oracle Solaris and Oracle Linux, and hardware-related software.
	Hardware Systems Support	Providing repairs, maintenance, and technical support for products including servers and storage devices, as well as updated versions of and patches for OS-related software.
Services		Providing Consulting Services, which help users implement our products, Advanced Support Customer Services, high-value added services such as preventive maintenance services and managed cloud services, and Education Services, which consist of training of engineers and users and certification of technical qualifications

(7) Major Offices

As of May 31, 2014

Headquarters: Kita- Aoyama 2-5-8, Minato-ku, Tokyo  
Regional Offices: Hokkaido (Chuo-ku, Sapporo City),  
Tohoku (Aoba-ku, Sendai City),  
Chubu (Naka-ku, Nagoya City),  
Nishi-Nihon (Kita-ku, Osaka City),  
Kyushu (Chuo-ku, Fukuoka City)  
Branch Offices: Hokuriku (Kanazawa City, Ishikawa Prefecture),  
Chugoku/Shikoku (Naka-ku, Hiroshima City),  
Okinawa (Naha City, Okinawa Prefecture)  
Offices / Akasaka Office (Setagaya-ku, Tokyo),  
Training Centers: Toyota Office (Toyota City, Aichi Prefecture),  
Training Campus Akasaka (Minato-ku, Tokyo),  
Training Campus Osaka (Kita-ku, Osaka City)

(8) Employees

As of May 31, 2014

Number of employees	Difference from end of last fiscal year	Average age	Average service years of employment
2,468	-29	40.1	7.6

(Note) Number of employees was including employees on loan from the other companies (476 persons) and temporary employees (2 persons). The employees on loan from the other companies and temporary employees are excluded for the calculation of average age and average service years of employment.

## 2. SHARES

As of May 31, 2014

- (1) Number of shares authorized to issue 511,584,909 shares
- (2) Number of outstanding shares 127,202,871 shares (including 7,025 own shares)
- (3) Number of shareholders 31,797
- (4) Major shareholder

Name of shareholder	Number of shares held (1,000 shares)	Composition %
Oracle Japan Holding, Inc	94,967	74.7
Japan Trustee Services Bank, Ltd.	1,498	1.2
The Master Trust Bank of Japan, Ltd.	1,219	1.0
STATE STREET BANK AND TRUST COMPANY	1,203	0.9
Japan Trustee Services Bank, Ltd	782	0.6
JPMCB Omnibus US Pension, Treaty Jasdec 380052	502	0.4
MELLON BANK TREATY CLIENTS OMNIBUS	489	0.4
STATE STREET BANK WEST CLIENT -TREATY	460	0.4
RBC IST 15 PCT NON LENDING ACCOUNT	460	0.4
SIX SIS SWISS NATIONAL BANK	403	0.3

Note: The composition is calculated without treasury stock (7,025 shares) from total shares issued.

### 3. SHARE WARRANTS

#### (1) Share warrants held by company directors

As of May 31, 2014

##### ① Share warrants held by directors (exclude outside directors and include executive officer)

Date that rights were granted	Number of remaining share warrants to be issued (Note) 1	Type and number of remaining shares to be issued	Number of directors that rights were granted	Exercise value (Yen)	Period in which the rights can be exercised (Note) 2
October 15, 2008	150	Common stock 15,000 shares	1	4,787	From October 15, 2010 to September 30, 2018
October 15, 2009	87	Common stock 8,700 shares	1	3,930	From October 15, 2011 to September 25, 2019
October 15, 2010	150	Common stock 15,000 shares	1	4,338	From October 15, 2012 to September 22, 2020
September 28, 2011	112	Common stock 11,200 shares	1	2,698	From September 28, 2013 to September 13, 2021
September 28, 2012	100	Common stock 10,000 shares	1	4,025	From September 28, 2014 to September 12, 2022
September 30, 2013	200	Common stock 20,000 shares	1	3,942	From September 30, 2015 to September 13, 2023
April 15, 2014	350	Common stock 35,000 shares	1	4,395	From April 15, 2016 to September 13, 2023

##### ② Share warrants held by outside directors

Date that rights were granted	Number of remaining share warrants to be issued (Note) 1	Type and number of remaining shares to be issued	Number of directors that rights were granted	Exercise value (Yen)	Period in which the rights can be exercised (Note) 2
September 28 2011	50	Common stock 5,000 shares	2	2,698	From September 28, 2013 to September 13, 2021
September 28 2012	50	Common stock 5,000 shares	2	4,025	From September 28, 2014 to September 12, 2022
September 30, 2013	50	Common stock 5,000 shares	2	3,942	From September 30, 2015 to September 13, 2023

- (Note) 1. 100 common stock per share warrant  
 2. Please refer to the next (2) Share warrants issued in this fiscal year as a consideration for the execution of the duties “Note 2 and 3”.

(2) Share warrants issued to employees in this fiscal year as a consideration for the execution of the duties

Date that rights were granted	Number of remaining share warrants to be issued (Note) 1	Type and number of remaining shares to be issued	Number of directors that rights were granted	Exercise value (Yen)	Period in which the rights can be exercised (Note) 2,3
September 30, 2013	2,397	Common stock 239,700 shares	202	3,942	From September 30, 2015 to September 13, 2023
November 15, 2013	50	Common stock 5,000 shares	1	4,045	From November 15, 2015 to September 13, 2023

- (Note)
1. 100 common stock per share warrant
  2. Those who are allocated the share warrants may exercise a part of or all of the rights in accordance with the following classifications:
    - (a) Recipients may exercise half of the allocated rights after the period in which the rights can be exercised starts.
    - (b) Recipients may exercise all of the allocated rights after 2 years from (a).
  3. (1) Those allocated the share warrants are required to be a director, Corporate Executive Officer, or an employee of Oracle Corporation Japan at the time of exercising the stock purchase warrant. 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 the share warrants may not dispose of part or all of the share warrants through assignment, attachment or other methods.
    - (3) Other conditions set out in the share warrants allocation agreement must be followed.

#### 4. DIRECTORS

##### (1) Directors and Corporate Executive Officers

Name	Position	Assignment or major contents of work
Hiroshige Sugihara	President Chief Executive Officer	Senior Vice President, Oracle Corporation
Shigeru Nosaka	Director Executive Deputy President Chief Financial Officer	-
Derek H. Williams	Director Nominating Committee Member Compensation Committee Member	Executive Vice President, Oracle Corporation
John L. Hall	Director Chairperson of the Nominating Committee Audit Committee Member	Senior Vice President, Oracle University, Oracle Corporation
Eric R. Ball	Director Audit Committee Member Compensation Committee Member	Senior Vice President & Treasurer, Oracle Corporation
Gregory R. Davies	Director Chairperson of the Audit Committee Chairperson of the Compensation Committee Nominating Committee Member	Vice President, Finance, Oracle Corporation, Asia Pacific & Japan
Satoshi Ogishi	Director Audit Committee Member	Partner, Nishimura & Asahi Director, Nozomi Servicing Co. Ltd. External Auditor of Nomura Real Estate Holdings, Inc. External Auditor of Nomura Real Estate Development Co., Ltd.
Shuhei Murayama	Director Audit Committee Member	President, Shuhei Murayama CPA Office

- (Notes)
1. John L.Hall, Eric R.Ball, Gregory R.Davies, Satoshi Ogishi and Shuhei Murayama are outside Directors.
  2. Director Shuhei Murayama has a qualification of Certified Public Accountant; he has expertise in finance and accounting.
  3. Oracle Corporation is our substantial parent company. For information on the relationship of the Company with Oracle Corporation, please refer to “①Relationship with the parent company of (5) Parent company and consolidated subsidiaries in OVERVIEW OF OUR COMPANY”
  4. Director Satoshi Ogishi is assigned to serve as director of Nozomi Servicing Co.Ltd. and assigned to serve as company auditor of Nomura Real Estate Holdings, Inc and Nomura Real Estate Development Co., Ltd. The Company has no business relationship with the concurrent company.
  5. Notifications of Directors, Satoshi Ogishi and Shuhei Murayama have been filed regarding these candidates as being independent directors stipulated in Rule of the Securities Listing Regulations of the Tokyo Stock Exchange.
  6. Mr. Takao Endo resigned as Director and Executive officer of the Company on April 30, 2014.



7. During this financial year, there are the changes positions and responsibilities of Director and Executive officer as below.

Name	New position	Previous position	Transfer date
Derek H. Williams	Director, Representative Executive Officer, CEO	Director	Aug. 23, 2013
	Director	Director, Representative Executive Officer, CEO	Mar. 31, 2014
Tadahiro Kaneko	Representative Executive Officer	Operating Officer, General Manager of Legal Office	Aug. 23, 2013
	Operating Officer, Chief Legal Officer	Representative Executive Officer	Mar. 31, 2014

(2) Remuneration of Directors and Executive Officers

Policy on Determination of Remuneration of Directors and Executive Officers

The remuneration package of Directors and Executive Officers consists of two elements, a base salary and a performance-based bonus, 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. the year-on-year increase in sales of the Company's licensed products and margin of hardware systems business, as an indicator in addition to degree of attainment of the operating income target.

Amount of Payments of Directors and Executive Officers

Classification	Number of persons	Amount of payments (Million yen)
Directors (including Outside Directors)	4 (2)	104 (21)
Executive Officers	2	23
Total	6 (2)	127 (21)

- (Notes)
- The above numbers include one Director and one Executive officer who retired during the fiscal year under review.
  - The above table includes expenses on the granting of share warrants to three Directors (including two Outside Directors) and two Executive officers, totaling 11 million yen for Directors (of which, expenses on the granting of share warrants to Outside Directors: 2 million yen) and 2 million yen for Executive officers. The company granted share warrants to three Directors (including two Outside Directors) totaling 250 (of which, share warrants to Outside Directors: 50) and two Executive officers totaling 400.
  - The company has no retirement allowance plan for directors.
  - The above table includes provision for three Directors' bonuses (two of those Directors are Outside Director) in relation to the year under review totaling 8 million yen (of which, 3 million is for Outside Directors) and for one Executive officer totaling 2 million yen.
  - The Executive Officers of the Company concurrently serve as Directors of the Company haven't received payments as Executive Officers.

(3) Outside Directors

① Significant concurrent positions held and bearing on the Company

As stated in "(1) Names, etc. of Directors and Executive Officers"

② Major activities during the year under review

(a) Attendant meetings to the Board of Directors and each Committee in this Fiscal Year.

(Attendant / held, "-" is outside charge)

Name	Board of Directors	Audit Committee	Nominating Committee	Compensation Committee
John L. Hall	10/10	6/6	4/4 (Chairperson)	-
Eric R. Ball	9/10	4/6	-	1/1
Gregory R. Davies	10/10	6/6 (Chairperson)	4/4	1/1 (Chairperson)
Satoshi Ogishi	7/10	3/6	-	-
Shuhei Murayama	10/10	6/6	-	-

- (Note) 1. Director Shuhei Murayama is a specified corporate auditor in accordance with Article 132, Section 5, Item 3 (a) of the Enforcement Regulations of the Corporate Law.

(b) Activities and advices, etc.

- 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.
- Eric R. Ball 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, and based on extensive experience in the financial field.
- Gregory R. Davies 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, and based on extensive experience in the financial field.
- Satoshi Ogishi provided helpful advice about the Company's management and made other necessary statements, from an expert perspective as a qualified lawyer through his extensive experience in corporate legal affairs.
- Shuhei Murayama provided helpful advice about the Company's management and made other necessary statements, from an expert perspective as a qualified certified public accountant through his extensive experience in corporate accounting.

③ Summary of agreements limiting liability

The Company and each of the Outside Directors have entered into an agreement with the Company limiting their liability as prescribed in Paragraph 1, Article 423, of the Corporate Law and the limit of amount of the liability based on the agreement shall be 20 million yen or more, and shall be a pre-determined amount or an amount provided in laws and ordinances, whichever is higher.

## 5. INDEPENDENT AUDITOR

(1) Name of the Independent Auditor

Earnst & Young ShinNihon

(2) Amount of Fee paid to Independent Auditor

(i) Total amount of fee to Independent Auditor 59 million yen

(ii) Total amount of fee for which the company must pay 59 million yen

(Note) In the Audit contract between the Company and the Independent auditor, the amount of the Audit fee of the Audit based on the Corporate Law and the Audit based on Securities and Exchange Law is not clearly divided, and it is not possible to divide substantially, so these amount of the total fee is described above

(3) Details of any fee paid to the Independent Auditor for services other than those stipulated in Article 2-1 of the Certified Public Accountant Law (non-audit services).

The Company took a seminar held by the Independent Auditor.

(4) Policy on determination of Dismissal and Non-reappointment of Independent Auditor

When the Audit Committee judges that the Independent Auditor applies to any item of Paragraph 1, Article 340 of the Corporate Law, the Audit Committee, subject to prior consent of all Audit Committee members, will dismiss the Independent Auditor in accordance with the provisions of said article. In this case, an audit committee member elected by the Audit Committee will report the dismissal of the Independent Auditor and the reason for dismissal at the first Annual Meeting of Shareholders convened after the dismissal.

(5) Summary of agreements limiting liability

Not applicable.

## 6. COMPANY STRUCTURE AND POLICIES

### (1) The Systems to Ensure Properness of the Company's Businesses

①The 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.

②The 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.

③The system for securing efficient execution of duties of Corporate Executive Officers

(i) 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.

(ii) 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.

④The system for securing compliance of the execution of duties by employees with applicable laws and regulations, and the Articles of Incorporation

(i) Establish a basic policy on compliance by applying the corporate code of ethics of the Oracle Group.

(ii) 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.

(iii) 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.

(iv) Appoint a person in charge of compliance, thereby establishing the compliance system at the Company.

(v) 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.

⑤The system for securing the properness of business in the business group consisting of the Company and its parent and subsidiaries

(i) Establish a corporate code of ethics for the Oracle Group.

(ii) 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).

(iii) The Company will accept regular audits by the internal audit department of the parent, and will receive reports on the audit results.

(iv) The Company conducts internal audit on its subsidiaries and reports the result to the Board of Directors and the Audit Committee.

⑥The 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.

⑦The 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.

⑧The system for the Corporate Executive Officers and employees to report to the Audit Committee, and other system 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 Audit Committee Member. The Audit Committee will have the opportunity to hold, if necessary, hearings with the Corporate Executive Officers and employees.

⑨Other systems for securing effective audits by the Audit Committee

- (i) 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.
- (ii) 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.
- (iii) 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.

(2) Guideline about Distribution, etc. of Surpluses

The basic policy for the distribution of surplus is to provide a stable and continuous return to shareholders through dividends, while ensuring a management flexibility by keeping financial indicators such as shareholders' equity ratio and return on equity at a reasonable level, and comprehensively taking into account the balance between the cash required for the Company's business plan, business results, and cash flows.

Based on this policy, we aim to achieve a dividend payout ratio of approximately 40% for the foreseeable future. To minimize administrative costs related to dividends, we will pay only one dividend a year, as a year-end dividend. The company distributes money as the way of distribution of surplus.

With respect to the purchase of treasury stock, the reduction of reserves, and the appropriation of surpluses and other procedures, we will take action as appropriate, based on the financial situation of the Company.

For dividends for the fiscal year under review, we will pay an annual dividend of 86 yen per share.

## Balance Sheet

As of May 31, 2014

(Unit: Million yen)

Items	Amount	Items	Amount
(Assets)		(Liabilities)	
<b>I Current assets</b>		<b>I Current liabilities</b>	
1. Cash and deposits	41,536	1. Accounts payable-trade	8,963
2. Accounts receivable-trade	18,770	2. Accounts payable-other	3,534
3. Merchandise	0	3. Income taxes payable	8,609
4. Prepaid expenses	72	4. Advances received	34,118
5. Deferred tax assets	2,634	5. Deposits received	563
6. Short-term loans receivable	48,500	6. Provision for bonuses	1,880
7. Other	1,324	7. Provision for directors' bonuses	10
8. Allowance for doubtful accounts	-2	8. Provision for product warranties	235
<b>Total current assets</b>	<b>112,835</b>	9. Other	1,677
		<b>Total current liabilities</b>	<b>59,593</b>
		<b>II Noncurrent liabilities</b>	
		Other	7
		<b>Total noncurrent liabilities</b>	<b>7</b>
		<b>Total liabilities</b>	<b>59,601</b>
<b>II Noncurrent assets</b>		(Net assets)	
1. Property, plant and equipment		<b>I Shareholders' equity</b>	
(1) Buildings	13,065	1. Capital stock	22,506
(2) Tools, furniture and fixtures	1,288	2. Capital surplus	
(3) Land	26,057	Legal capital surplus	5,857
<b>Total property, plant and equipment</b>	<b>40,411</b>	<b>Total capital surplus</b>	<b>5,857</b>
2. Intangible assets		3. Retained earnings	
(1) Software	10	Other retained earnings	
(2) Other	0	Retained earnings brought forward	65,053
<b>Total intangible assets</b>	<b>10</b>	<b>Total retained earnings</b>	<b>65,053</b>
3. Investments and other assets		4. Treasury stock	-30
(1) Investment securities	36	<b>Total shareholders' equity</b>	<b>93,387</b>
(2) Deferred tax assets	209	<b>II Subscription rights to shares</b>	<b>1,013</b>
(3) Guarantee deposits	473	<b>Total net assets</b>	<b>94,401</b>
(4) Bankruptcy and reorganization claim	0	<b>Total liabilities and net assets</b>	<b>154,002</b>
(5) Other	31		
(6) Allowance for doubtful accounts	-4		
<b>Total investments and other assets</b>	<b>745</b>		
<b>Total noncurrent assets</b>	<b>41,167</b>		
<b>Total assets</b>	<b>154,002</b>		



## Statement of Income

(From June 1, 2013 to May 31, 2014)

(Unit : Million yen)

	Amount
Net sales	154,972
Cost of sales	79,838
Gross profit	75,133
Selling, general and administrative expenses	30,818
Operating income	44,315
Non-operating income	67
Non-operating expenses	67
Ordinary income	44,314
Extraordinary income	
Gain on reversal of subscription rights to shares	54
Total extraordinary income	54
Extraordinary loss	
Loss on sales of investment securities	8
Business structure improvement expenses	169
Total extraordinary loss	177
Income before income taxes	44,191
Income taxes-current	16,676
Income taxes-deferred	342
Total income taxes	17,019
Net income	27,171

## Statement of changes in shareholders' equity

Current term end (From June 1, 2013 to May 31, 2014)

(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		
Balance at the beginning of current period	22,304	5,654	5,654	48,558	48,558	-25	76,491
Changes of items during the period							
Issuance of new shares-exercise of subscription rights to shares	202	202	202				405
Dividends from surplus				-10,675	-10,675		-10,675
Net income				27,171	27,171		27,171
Purchase of treasury stock						-5	-5
Disposal of treasury stock				-0	-0	0	0
Net changes of items other than shareholders' equity							-
Total changes of items during the period	202	202	202	16,495	16,495	-5	16,895
Balances at end of current period	22,506	5,857	5,857	65,053	65,053	-30	93,387

	Valuation and translation adjustments	Subscription rights to shares	Net assets
	Valuation difference on available-for-sale securities		
Balance at the beginning of current period	-10	992	77,473
Changes of items during the period			
Issuance of new shares-exercise of subscription rights to shares			405
Dividends from surplus			-10,675
Net income			27,171
Purchase of treasury stock			-5
Disposal of treasury stock			0
Net changes of items other than shareholders' equity	10	21	32
Total changes of items during the period	10	21	16,927
Balances at end of current period	-	1,013	94,401

## Notes to Non-consolidated Financial Statements

### Notes to Significant Accounting Policies

1. Valuation standard and method applied to negotiable securities
  - Available-for-sale securities
    - Securities without fair market value: At cost method based on moving average method
    - Debt securities without fair market value: Amortized cost method
  
2. Depreciation method applied to fixed assets
  - (1) Tangible fixed assets
    - Buildings: At straight-line method
    - Appliances and equipment: At straight-line methodThe useful life of major items are as follows:
    - Buildings: 5 to 38 years
    - Appliances and equipment
      - Personal computers: 2 years
      - Computer servers: 3 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.
  
3. 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
  
4. 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.
  
5. Accounting of consumption tax

Based on pre-tax method

### Changes in Method of Presentation

In the statement of balance sheet, "Accounts receivable-other" which was separately disclosed as an item within "Current assets" in the prior fiscal year, is included in the "Other" item in the current fiscal year because of decreased materiality

In the statement of balance sheet, "Accrued consumption taxes" which was separately disclosed as an item within "Current liabilities" in the prior fiscal year, is included in the "Other" item in the current fiscal year because of decreased materiality.

### Notes to the balance sheet

Accumulated depreciation of tangible fixed assets 7,409 million yen

### Notes to the statement of income

Transactions with affiliated companies

Operating transactions

Sales 599 million yen

Purchase amount 185 million yen

### Notes to the Statement of changes in shareholders' equity

#### 1. Type and number of issued shares and treasury stocks

	2013/5/31 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	2014/5/31 (thousand shares)
Issued shares				
Common stock	127,098	104	—	127,202
Treasury stocks				
Common stock	5	1	0	7

(Note) Increase of 104 thousand outstanding shares was due to exercise of share warrants.

#### 2. Dividend

##### (1) Amount of paid dividends

Resolution	Type of share	Total amount of dividends (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Board of director held on July 19, 2013	Common stock	10,675	Retained earnings	84	May 31, 2013	August 8, 2013

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

The board meeting on July 18, 2014

Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Common stock	10,938	Retained earnings	86	May 31, 2014	August 6, 2014

### 3. Share warrants

Date that rights were granted	Type of stock	Number of remaining shares to be issued
October 1, 2004	Common stock	125,500 shares
October 1, 2005	Common stock	149,000 shares
December 25, 2006	Common stock	129,200 shares
October 15, 2007	Common stock	153,500 shares
June 30, 2008	Common stock	34,000 shares
October 15, 2008	Common stock	189,700 shares
January 15, 2009	Common stock	3,500 shares
October 15, 2009	Common stock	154,600 shares
July 15, 2010	Common stock	5,000 shares
October 15, 2010	Common stock	122,500 shares
September 28, 2011	Common stock	89,000 shares
Total		1,155,500 shares

Note: The plans of which exercise period have not come are excluded.

## Notes to tax-effect accounting

### 1. Breakdown of major causes of deferred tax assets

As of May 31, 2014

(Unit: Million yen)

(Current)	
Deferred tax assets	
Accounts payable-other	576
Accrued business tax	576
Advances received	569
Provision for bonuses	656
Others	255
Total deferred tax assets	2,634
(Fixed)	
Deferred tax assets	
Depreciation in excess	164
Investment securities	21
Others	23
Total deferred tax assets	209

### 2. Remeasurement of deferred tax assets and liabilities due to a change of tax rate

Following the promulgation of “Act for Partial Amendment of the Income Tax Act” (Act No. 10 of 2014) on March 31, 2014, the special reconstruction corporation tax which was imposed from the fiscal year starting on and after April 1, 2012 was abolished one year ahead of its original schedule.

Correspondingly, the statutory effective tax rate used in the calculation of deferred tax assets and liabilities was changed from 38.0% to 35.6% for temporary differences which are expected to be settled in the fiscal year starting on and after Jun 1, 2014.

The effects this change is minor.

## Notes to 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.

## 2. Market value of financial instruments

Amounts recognized in the balance sheet, market values, and the differences between them on May 31, 2014, 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)).

(Unit : Million yen)

	Book value	Market value	Difference
(1) Cash and deposits	41,536	41,536	—
(2) Accounts receivable-trade	18,770		
Allowance for doubtful accounts (*)	-2		
Net	18,767	18,767	—
(3) Short-term loans receivable	48,500	48,500	—
<b>Total assets</b>	<b>108,803</b>	<b>108,803</b>	<b>—</b>
(1) Accounts payable-trade	8,963	8,963	—
(2) Accounts payable-other	3,534	3,534	—
(3) Income taxes payable	8,609	8,609	—
<b>Total liabilities</b>	<b>21,107</b>	<b>21,107</b>	<b>—</b>

(\*) 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 (3) Short-term loans receivable

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.

## 2. Financial instruments for which it is extremely difficult to determine market value

Item	Book value
Unlisted equity securities	36 Million yen

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.

## 3. Changes in Method of Presentation

Information of "Accounts receivable-other" which was disclosed in the prior fiscal year, has been omitted in the current fiscal year because of decreased materiality.



**Notes to transactions with related parties**  
Sister companies, etc.

Attributes	Corporate name	Ratio of voting and other rights in possession (or being possessed)	Relationship	Description of transactions	Transaction amount (Million yen)	Item	Term-end balance (million yen)
Subsidiary of parent company	Oracle America, Inc.	—	Settlement of funds for transactions among Oracle Group companies and making a short-term loan	Fund lending (Note) 1	48,500	Short-term loan receivable	48,500
				Collection of loans receivable (Note) 1	42,200		
				Settlement of funds for transactions among Oracle Group companies (Note) 2	32,773	Accounts payable	5,395
					14,944	Accounts payable-other	1,371
	Oracle International Corporation	—	Conclusion of sales agency agreements	Payment of royalties (Note) 3	35,122	Accounts payable	3,381

(Notes) 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. Cumulative interest income 41 million yen (FY14 25 million yen booked) has been booked.
- 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 (12,047 million yen in FY14) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products and services (17,213 million yen in FY14) 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 that are identical.
- 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 that are identical.

**2. Officers and major individual shareholders**

Related party	Name	Business or occupation	Ownership ratio of voting rights	Description of transaction	Transaction amount (Million yen)	Item	Term-end balance (million yen)
Officer	Takao Endo (Note) 1	Chairman of the board	—	Exercise of stock options (Note) 2	224	—	—
Officer	Shigeru Nosaka	Director	Direct: 0.00%	Exercise of stock options (Note) 2	48	—	—

- (Notes) 1. Mr. Takao Endo stepped down as director of the Company on April 30, 2014. The description above is for his term of office in the fiscal year under review.  
2. The exercise of stock options granted under the resolution of the Company's shareholders meeting during the fiscal year under review is described.

**Per share data**

1. Net assets per share 734.20yen
2. Net income per share for the current term 213.75yen

**Notes to important subsequent events**

Not Applicable

## The Accounting Auditor's Report

### Independent Auditor's Report

July 17, 2014

Oracle Corporation Japan

The board of Directors

Ernst & Young Shin Nihon LLC

Engagement Limited Partner:

Akira Toda, Certified Public Accountant

Engagement Limited Partner:

Masato Endo, Certified Public Accountant

Pursuant to Article 436, paragraph 2, item 1 of the Japanese Companies Act, we have audited the financial statements of Oracle Corporation Japan. for the 29 term commencing on June 1, 2013, and ending on May 31, 2014, which comprise the balance sheets, the statements of income, the statements of changes in net assets, and the notes to the financial statements. We have also audited the annexed detailed statements thereof.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the annexed detailed statements thereof in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the financial statements and the annexed detailed statements thereof that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the annexed detailed statements thereof from an independent standpoint based on the audit we conducted. We conduct our audit in accordance with the auditing standards generally accepted in Japan.

Those auditing standards require that we formulate an audit plan and perform the audit based on this plan to obtain reasonable assurance about whether the financial statements and the annexed detailed statements thereof are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the annexed detailed statements thereof. According to our decision, the audit procedures are selected and applied based on an assessment of the risk of material misstatement in the financial statements and the annexed detailed statements thereof, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation and fair presentation of the financial statements and the annexed detailed statements thereof in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of internal control. 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 and the annexed detailed statements thereof.

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

#### Audit Opinion

In our opinion, the financial statements and the annexed detailed statements thereof referred to above present fairly, in all material respects, the financial position and the results of operations of Oracle Corporation Japan. for the period of the financial statements and the annexed detailed statements thereof, in accordance with the corporate accounting standards generally accepted in Japan.

#### Interests

No relationship involving interests that must be indicated herein under the provisions of the Certified Public Accountants Act exists between Oracle Corporation Japan. and us or the engagement partners.

End

## Audit Report by Audit Committee

The Audit Committee has completed an audit of the performance of the duties of the directors and executive officers in the 28th fiscal year from June 1, 2013 to May 31, 2014. The following is a report of the methods and results of the audit:

### 1. Method and content of audit

The Audit Committee received a report regally about the content of the resolutions of the Board of Directors relating to the matters specified in Article 416, Paragraph 1, Items 1b and 1e of the Companies Act and the system developed based on the resolutions (internal control system) from the directors, executive officers and employees regarding its formulation and operation status, requested explanation as needed and expressed a opinion, and examined on the basis of the audit policy and the segregation of duties set out by the Audit Committee, in cooperation with the internal control division of the Company, reviewed processes and contents of decision making in important meetings, contents of major approval documents and other important operation-related documents, performance of the duties of the executive officers (and major employees), and company's operations and financial matters. The Audit Committee also monitored and checked whether the accounting auditor maintained its independent position and carried out an appropriate audit, received reports from the accounting auditor on its performance of duties, and requested explanations as needed. The accounting auditor notified the Audit Committee that the accounting auditor has established a system for ensuring the appropriate performance of duties (each item of Article 131 of the Corporate Accounting Rules) under the accounting "Quality control standards for Audit" (Business Accounting Deliberation Council, October 28, 2005) among others, and the Audit Committee requested explanations as needed.

By the methods above, the Audit Committee examined the business report, accounting statements (balance sheet, statement of income, statement of changes in net assets, and note), and their supplemental schedules.

2. Results of audit

(1) Results of audit of business report

- (i) The Audit Committee acknowledges that the business report and its supplemental schedules show the situation of the Company properly under laws and regulations, and the articles of incorporation.
- (ii) The Audit Committee has found no wrongdoing in relation to directors and executive officers' performance of their duties or significant facts violating laws and regulations, or the articles of incorporation.
- (iii) The Audit Committee acknowledges that the contents of business report and the resolutions of the Board of Directors in relation to the internal control system are appropriate. The Audit Committee has found no matters out of significance in association with directors and executive officers' performance of their duties relating to the internal control system.

(2) Results of audit of accounting statements and their supplemental schedules

The Audit Committee acknowledges that the method and results of the audit by the accounting auditor Ernst & Young ShinNihon LLC are appropriate.

July 18, 2014

Audit Committee of Oracle Corporation Japan

Audit Committee Member	Gregory R. Davies	Seal
Audit Committee Member	John L. Hall	Seal
Audit Committee Member	Eric R. Ball	Seal
Audit Committee Member	Satoshi Ogishi	Seal
Audit Committee Member	Shuhei Murayama	Seal

(Note) All Audit Committee Members are outside directors as stipulated in Article 2, Item 15 and Article 400, Item 3 of the Companies Act.

## Reference Material for the Meeting of Shareholders

### Proposal 1: Election of 8 Directors

The term of office of all directors (7) expires at the close of this Annual Meeting of Shareholders. In accordance with the re decision of the Nomination Committee, it is proposed that to elect 8 directors.

The candidates for directors are listed below.

(Candidate number) Name (Date of birth)	Profile, position and assignment in our company (Representative position for other company)	Number of Oracle Corporation Japan shares owned
(1)※ Hiroshige Sugihara (December 2, 1960)	Apr. 1982 FORVAL CORPORATION	-
	Jun. 1989 Director, General Manager of FORVAL AMERICA.INC	
	Jun. 1993 Vice President, Asia Pacific Region of Inter-Tel, Inc. Representative Director, President and Chief Executive Officer of Inter-Tel Japan, K.K.	
	May. 2001 Director, Telecom Media Entertainment Sales Division of EMC Japan K.K.	
	May. 2009 Operations Director, Commercial Operations of Cisco Systems G.K.	
	Mar. 2010 Vice President & General Manager, Enterprise Servers, Storage & Networking of Hewlett-Packard Japan, Ltd.	
	Oct. 2013 Senior Vice President, the Chief of Staff, International of Oracle Corporation	
	Apr. 2014 Representative Executive Officer President and Chief Executive Officer, Oracle Corporation Japan, Senior Vice President, Oracle Corporation (Current position)	
(2) Shigeru Nosaka (Sep. 12, 1953)	Apr. 1976 Joined Marubeni Corporation	3,000 shares
	Dec. 1989 Joined Apple Computer, Inc.	
	Mar. 1996 Joined Allergan Inc.	
	Nov. 1996 Joined Japan Communication Inc. Senior Executive Officer, Chief Financial Officer	
	Apr. 2002 Joined Oracle Corporation Japan Vice President under direct control of CEO, Financial Affairs	
	Aug. 2002 Director, Senior Executive Officer, Chief Financial Officer, Director of Finance Division	
	Jun. 2004 Director, Executive Vice President, Chief Financial Officer, Finance/Infrastructure Development/Application IT, Director of Finance	
	Nov. 2005 Retirement from the Company	
	Oct. 2007 Executive Vice President, Chief Financial Officer, Finance, IT and General Affaires, Director of Finance	
	Aug. 2008 Director, Senior Corporate Executive Officer Chief Financial Officer, Finance, Facility, IT, Internal Audit	
	Jun. 2009 Director, Senior Corporate Executive Officer Chief Financial Officer, Administration	
	Jun. 2011 Director, Executive Officer Deputy President, Chief Financial Officer (Current position)	

(Candidate number) Name (Date of birth)	Profile, position and assignment in our company (Representative position for other company)	Number of Oracle Corporation Japan shares owned
(3) Derek H. Williams (Dec. 30, 1944)	Oct. 1988 Regional Director of Oracle Corporation U.K.	-
	Jun. 1991 Vice President, Asia Pacific Division of Oracle Corporation	
	Jul. 1993 Senior Vice President, Asia Pacific Division	
	Oct. 2000 Executive Vice President, Asia Pacific Division	
	Aug. 2001 Director, Oracle Corporation Japan (Current position)	
	Jun. 2006 Chairman and Executive Vice President, Oracle Corporation, Asia Pacific & Japan	
	Jun. 2008 Executive Vice President, Oracle Corporation (Current position)	
	Aug. 2013 Director, Executive Officer President and Chief Executive Officer, Oracle Corporation Japan	
	Apr. 2014 Director, Oracle Corporation Japan (Current position)	
(4) John L. Hall (Oct. 30, 1954)	Jan. 1977 Joined IBM Corporation	-
	Sep. 1992 Director of Open Systems Sales and Marketing of Unisys Corporation	
	Oct. 1994 Corporate Global Alliance Manager of Oracle Corporation	
	Jun. 1996 Vice President, Oracle Asia Pacific Alliances	
	Mar. 1997 Managing Director, Oracle Thailand	
	Sep. 1997 Senior Vice President, Oracle Worldwide Alliances	
	Apr. 1999 Senior Vice President of Oracle University (Current position)	
	Aug. 2003 Director of Oracle Corporation Japan (Current position)	
(5) Eric R. Ball (Jan. 3, 1964)	Mar. 1988 Joined AT&T Corporation (U.S.A.)	-
	Jun. 1994 Manager of Corporate Finance for Avery Dennison Corporation (U.S.A.)	
	Jun. 1997 Director of Finance for Avery Dennison Fastener Division (U.K.)	
	Nov. 1999 Director of Corporate Finance & Assistant Treasurer for Cisco Systems Inc. (U.S.A.)	
	May 2001 Assistant Treasurer, Flextronics International Ltd (U.S.A.)	
	Jan 2006 Vice President & Treasurer, Oracle Corporation	
	Aug. 2006 Director of Oracle Corporation Japan (Current position)	
	Nov. 2011 Senior Vice President & Treasurer, Oracle Corporation (Current Position)	



(Candidate number) Name (Date of birth)	Profile, position and assignment in our company (Representative position for other company)	Number of Oracle Corporation Japan shares owned
(6)※ Samantha Wellington (Feb 2, 1978)	Jun. 2002    Joined FOXTEL Management Pty Limited (AU)	-
	Dec. 2002    Admitted to the bar in New South Wales, Australia	
	Apr. 2004    Joined the Australian Communications and Media Authority, a statutory authority	
	Nov. 2004    Joined Oracle Corporation Australia Pty Limited	
	Jan. 2009    Joined Oracle America, Inc	
	Jan. 2012    Admitted to the bar in California, USA	
	Aug. 2012    Managing Counsel, Oracle America, Inc. (Current Position)	
(7) Satoshi Ogishi (March 18, 1957)	Apr. 2013    Director of Oracle Financial Services Software Limited (Current Position)	-
	Dec. 1981    Admitted (Daiichi Tokyo Bar Association)	
	Dec. 1981    Joined Nishimura & Sanada (Currently, Nishimura & Asahi)	
	Jan. 1987    Partner, Nishimura & Sanada (Currently, Nishimura & Asahi) (Current Position)	
	Apr. 2005    Professor, Tokai University Law School (until March 2008)	
	Apr. 2005    Director, Nozomi Servicing Co. Ltd. (Current Position)	
	Aug. 2011    Director of Coracle Corporation Japan (Current Position)	
(8) Shuhei Murayama (October 22, 1949)	Jun. 2012    External Auditor of Nomura Real Estate Holdings, Inc. (Current Position) External Auditor of Nomura Real Estate Development Co., Ltd. (Current Position)	-
	Apr. 1972    Joined Tohmatsu & Aoki (Currently, Deloitte Touche Tohmatsu LLC)	
	May. 1976    CPA Registration	
	Aug. 1978    Los Angeles Office	
	Jul. 1986    Partner, Tohmatsu & Aoki (Currently, Deloitte Touche Tohmatsu LLC)	
	Aug. 1993    New York Office, Tohmatsu (Currently, Deloitte Touche Tohmatsu LLC)	
	Aug. 1996    Naha Office	
	Aug. 2000    Tokyo Office	
	Jul. 2011    Retirement from Deloitte Touche Tohmatsu LLC	
	Aug. 2011    President, Shuhei Murayama CPA Office (Current Position)	
Aug. 2011    Director of Coracle Corporation Japan (Current Position)		

Note 1. ※indicates new candidate.

2. Special interests between the candidates and the Company

- (1) Mr. Derek H. Williams is Executive Vice Presidents of Oracle Corporation, Mr. John L. Hall and Eric R. Ball are Senior Vice President of Oracle Corporation, The Company belongs to the corporate group centered on Oracle Corporation. Oracle Corporation is special related entities to the Company. For information on the relationship of the Company with Oracle Corporation, please refer to Relationship with the parent company of (5) Parent company and consolidated subsidiaries in 1. OVERVIEW OF THE COMPNY” of attached document.
- (2) Ms. Samantha Wellington is Managing counsel of Oracle America, Inc and Director of Oracle Financial Services Software Limited. Oracle America and Oracle Financial Services Software Limited belong to the corporate group centered on Oracle Corporation. Oracle America and Oracle Financial Services Software Limited are special related entities to the Company.

3. Candidates for outside directors

- (1) Messrs. John L. Hall, Eric R. Ball, Ms. Samantha Wellington, Messrs. Satoshi Ogishi and Shuhei Murayama are candidates for outside directors.

(2) Reason

The reasons Mr. John L. Hall and Mr. Eric R. Ball are Outside Director’s candidates are that they make helpful statements about the Company’s management from their expert perspective as specialize in our products and services, and to have close coordination with the Company and Oracle Corporation.

Ms. Samantha Wellington and Mr. Satoshi Ogishi are qualified lawyers, and Mr. Shuhei Murayama is a qualified certified public accountant. They have experience and insight in corporate legal affairs and corporate accounting through their extensive experience in these roles and are therefore considered capable of providing oversight and giving advice on the Company’s management as appropriate as outside directors.

- (3) Tenure of outside director (outside statutory auditor) of the Company (at the end of this shareholders meeting)

John L. Hall	Outside Director	11 years
Eric R. Ball	Outside Director	8 years
Satoshi Ogishi	Outside Director	3 year
Shuhei Murayama	Outside Director	3 year

- (4) Agreements limiting liability for outside directors

The company stipulates its articles of incorporation for entering into agreement with outside directors and for limiting their liabilities so that directors may perform properly the roles expected of them in carrying out the duties of directors, and valuable human resources may be invited as outside directors. Please refer to “③Summary of agreements limiting liability (3)Outside Directors in 4. DIRECTORS” of attached document for the summary of the agreements. The Company has concluded agreements limiting the liability with current outside directors. If the current outside directors are appointed, the Company renews the current agreements with each of them.

4. Notifications of Directors, Satoshi Ogishi and Shuhei Murayama satisfy the requirements of Independent Director stipulated in Rule of the Securities Listing Regulations of the Tokyo Stock Exchange.

Reason for selecting the candidates:

The nomination committee decided that the each candidate as mentioned above is supposed to be a director who can decide important business judgments and supervision of the business operation of the company properly based on their expertise. The nomination committee also judged that Mr. Satoshi Ogishi and Mr. Shuhei Murayama will be able to perform their duties as outside directors since they have experience and insight in corporate legal affairs and corporate accounting through their extensive experience as a lawyer and as a certified public accountant.

**Proposal 2: Issuance of share warrants to Directors, Executive Officers and Employees of the Company**

We ask shareholders to approve a proposal that, based on the guidelines below, share warrants be allotted as stock options to the directors, executive officers and employees of the Company under the provisions of Article 236, Article 238 and Article 239 of the Companies Act and the decision on the details of the offer be delegated to the Board of Directors or the Corporate Executive Officer to whom a mandate is given by the a resolution of the Board of Directors.

1. Persons to whom share warrants are allotted

Directors, executive officers and employees of the Company

2. Details of share warrants

(1) Type and number of shares subject to the share warrants

Up to 330,000 shares of the ordinary stock of the Company

When the Company conducts a stock split or a reverse stock split, the number of shares shall be adjusted based on the formula below, and any fraction of less than one share arising from the adjustment shall be rounded off. However, this adjustment shall be made only for the number of shares subject to the share warrants that are not yet exercised at the time by the persons receiving the allotment.

$$\frac{\text{Number of shares after adjustment}}{\text{Number of shares before adjustment}} = \frac{\text{Number of shares before adjustment}}{\text{Number of shares before adjustment}} \times \frac{\text{Ratio of stock split or reverse stock split}}{\text{Ratio of stock split or reverse stock split}}$$

Other than the above, when any unavoidable factor that requires the adjustment of the number of shares arises after the date of this resolution, the necessary adjustment shall be made to the number of shares to the extent reasonable.

(2) Value of an asset to be purchased at the time of exercising the share warrants

The payment amount per share warrant shall be obtained by multiplying the payment amount per share which is determined as described below by the number of shares per share warrant.

The payment amount per share 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 day when the share warrants are allotted (hereinafter the “allotment day”) belongs. However, if the amount is below the closing price on the allotment day (if there is no trading on that day, the closing price on the day immediately prior to the allotment day), it shall be the closing price on the allotment day. If the Company conducts a stock split or a reverse stock split after the allotment day, 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.

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

Payment amount after adjustment according to above adjustment shall be applied the next day of the reference date in case of share split, and the date of entry into force in case of reverse split. However, if the share split is subject to the approval of shareholders meeting's resolution regarding the proposal of reduction of retained earnings reserves and increases capital stock or legal surplus and reference date of share split is before the shareholders meeting date, the payment amount after adjustment shall be applied right after the approval of the shareholders' meeting, retroactively to the next day of the reference date.

Also, in case of above, the adjustment shall be made to the holders of share warrant who exercised their share warrant between the reference date of share split and by the end of the shareholders meeting (the issued or transferred shares by this execution referred to as "Exercise share amount before the approval"). The allotted share amount shall be adjusted based on the formula below, and any fraction of less than one share arising from the adjustment shall be rounded down.

$$\text{The number of newly issued shares} = \frac{\left[ \text{Payment amount before adjustment} - \text{Payment amount after adjustment} \right] \times \text{Exercise share amount before the approval}}{\text{Payment amount after adjustment}}$$

When issuing ordinary shares after the allotment day at a price below their market value (except for the exercise of share warrants stipulated in the Article 236, 238 and 240 of The Company Law) or when disposing of treasury shares, the payment amount shall be adjusted based on the formula below. Any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \text{Payment amount before adjustment} \times \frac{\text{Number of shares outstanding} + \frac{\text{Number of newly issued shares} \times \text{Payment amount per share}}{\text{Market value per share}}}{\text{Number of shares outstanding} + \text{Number of newly issued shares}}$$

The "number of share outstanding" in the above formula shall be the number of shares obtained by subtracting the number of shares of treasury stock held by the Company from the total number of shares issued. When disposing of treasury stock, the "number of newly issued shares" shall be replaced by the "number of shares of treasury stock subject to disposal."

Other than the above, when conducting a merger or a demerger, when conducting a free distribution of shares or when any unavoidable factor that requires the adjustment of the number of shares has occurred after the allotment day, the necessary adjustment may be made to the payment amount to the extent reasonable, taking the conditions for the merger and demerger, etc. into account.

### (3) Exercise period of the share warrants

From the day when two years have elapsed following the resolution of the Board of Directors of the share warrants to the day when ten years have elapsed following the resolution day.

(4) Matters relating to increase in capital stock and capital reserve when issuing shares with the exercise of the share warrants

- ① The increase in capital stock when shares are issued with the exercise of share warrants shall be half of the limit of increase of capital stock, etc. that is calculated in accordance with Article 40, Paragraph 1 of the Corporate Calculation Regulations. Any fraction of less than one yen arising from the calculation shall be rounded up.
- ② The increase in capital reserve when shares are issued with the exercise of the share warrants shall be the amount obtained by subtracting the increase in capital stock described in ① above from amount of the limit of increase of capital stock in above ①

(5) Restriction on the assignment of share warrants

The approval of the Board of Directors shall be required for the assignment of share warrants.

3. Number of share warrants

Up to 3,300 share warrants.

(The number of shares subject to one share warrant shall be 100 shares. However, if the number of shares is adjusted as stipulated in 2. (1), a similar adjustment shall be made.)

4. Payment amount of the share warrants

A payment of cash shall not be required for the share warrants.

5. Reason for granting share warrants with especially advantageous conditions

To implement a stock option system with the purpose of improving motivation and morale for a superior performance by the employees of the Company.

6. Conditions for the exercise of the share warrants

(1) Persons who receive the allotment of share warrant need to be directors, executive officers and employees of the Company at the time of exercising the share warrants. However, only if certain requirements set out in the equity warrant allotment agreement (hereinafter referred to as the “allotment agreement”) concluded between the Company and a person who receives the allotment are met, shall a person be able to continue to exercise the share warrants ever after the person has relinquished his/her position as a directors, executive officers and employee of the Company.

(2) Part or all of the share warrants allotted may be exercised based on the following categories.

- ① Once two years have elapsed following the allotment day of the share warrants, half of the rights allotted may be exercised.
- ② Once four years have elapsed following the allotment day of the share warrants, all of the rights allotted may be exercised.

## 7. Acquisition events of the share warrant

When approval is given to any of the agenda items of ①, ②, ③, ④ or ⑤ below at a general meeting of shareholders (or when a resolution of the Board of Directors of the Company is made in the case that a resolution of a general meeting of shareholder is unnecessary), the Company may acquire the share warrants free of charge on a date separately set out by the Board of Directors.

① Proposal for approval of a merger agreement by which the Company will become a dissolving company

② Proposal for approval of a demerger agreement or a demerger plan by which the Company will become a split company

③ Proposal for an approval of a stock swap agreement or a stock transfer plan by which the Company will become a wholly owned subsidiary

④ Proposal for an approval of the amendment of the Articles of Incorporation to set up a provision requiring the Company's approval for the acquisition of shares issued by the Company through assignment as the details of all shares

⑤ Proposal for an approval of the amendment of the Articles of Incorporation to set up a provision requiring the Company's approval for the acquisition of shares subject to the share warrants through assignment, as the details of the shares or as a provision for the acquisition by the Company of all shares of relevant types based on a resolution of a general meeting of shareholders.

## 8. Others

Other offering conditions and details of the share warrants shall be subject to the provisions of the allotment agreement concluded between the Company and those who receive the allotment based on a decision made by the corporate executive officer to whom a mandate is given by a resolution of this general meeting of shareholders and the Board of Directors or based on a resolution of the Board of Directors in the future.