

To Our Shareholders

Takao Endo

Representative Corporate Executive Officer

Oracle Corporation Japan

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

**NOTICE OF
THE 25th ANNUAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 25th 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 26, 2010, at 10:00 a.m.
2. **Place:** Banquet room “Tsuru”, Banquet Floor Main Building, Hotel New Otani Tokyo,
4-1 Kioi-cho, Chiyoda-ku, Tokyo 102-8578, Japan

Note: The place has been changed from previous place. Please refer to the map at the last page.

3. Meeting Objectives:

Reporting:

Presentation of the Business Report, Balance Sheet and Statement of Income for the 25th Business Period (from June 1, 2009 to May 31, 2010)

Agenda:

Proposal 1 Election of 8 Directors

Proposal 2 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 25, 2010.

[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 25, 2010. 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.co.jp/corp/IR/index.html>).

[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 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 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 25, 2010). 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, 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 (or transmission of cellular phone information).
- (3) Concerning the voting rights code, new one will be given every Notice of Annual Meeting of Shareholders. If you agree to receive a Notice of the Annual Meeting by E-mail, your own password will be useful until you change. Please keep your password carefully.

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 and by cellular 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 the dial-up access and telephone fees payable to communication carriers will be charged, and you bear those expenses. When you use cellular 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.

(You neither take procedure by cellular phone nor designate mail-address of cellular 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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Business Report

(From June 1, 2009 to May 31, 2010)

1. OVERVIEW OF THE COMPANY

(1) Progress and Results of Business

During the fiscal year under review (from June 1, 2009 to May 31, 2010), the outlook for the Japanese economy remained uncertain, although some signs of a recovery gradually emerged, including a recovery in production reflecting an easing of the exports slowdown and progress in inventory adjustment. Nonetheless, customers continued to eliminate or reduce spending, including investments in information technologies. They have adopted the same conservative stance even with investments in strategically important information systems or information systems needed to apply information technologies, carefully examining the investment effects. As a consequence, the overall tendency to limit investment in information technologies remained intact.

In this environment, Oracle Corporation (the parent company)'s active M&A and the products development has given the Company to strengthen the products offerings. As a result, the company has become the vender that offers complete, open and integrated software solutions to support the customers' business activities ranging from database and middleware to applications. The Company continued its operations aiming to obtain the long-term trust from the customers and achieve further growth through creating new values of IT usages, contribute to the customers' success and social development.

Moreover, based on its comprehensive reform plan, which it has been executing since the previous fiscal year, the Company has been pursuing a number of initiatives, in particular to strengthen the sales of the software product division, such as strengthening and expanding its sales system from the customers' viewpoint, bolstering activities to improve product value, and improving its system of cooperation with partners and channels.

As a result of these business initiatives, the Company posted for the fiscal year under review revenue of 110,833 million yen (fell 4,955 million yen, or 4.3% year on year), operating income of 38,863 million yen (down 14 million yen, or 0.0%), ordinary income of 39,149 million yen (up 118 million yen, or 0.3%), and net income of 22,862 million yen (rising 121 million yen, or 0.5%).

The results of each business segment are as follows:

[Software-Related Segment]

Revenue in the Software-Related Segment was 97,381 million yen, down 1,708 million yen or 1.7% from the corresponding period of the previous fiscal year. The Software-Related Segment consists of the following two divisions: (i) Software Products and (ii) Updates & Product Support.

(i) Software Products

Revenue in the Software Products division, which sells new software licenses, was 38,144 million, down 2,396 million yen, or 5.9% from the corresponding period of the previous fiscal year. The positions of its two sub-divisions, Databases & Middleware and Business Applications, are as follows:

(A) Databases & Middleware

Revenue in the Database & Middleware amounted to 35,104 million yen (up 338 million yen or 1.0% year on year).

In the database segment, the Company executed its comprehensive reform plan, and focused on activities to inspire demand, by strengthening its proposal capabilities to respond to needs for solutions, such as cost cutting and the visualization of information, being sought in this difficult economy. In September 2009, the Company announced “Oracle Exadata Version2,” the world’s first database machine for DWH* & OLTP*, which Oracle Corporation jointly developed with Sun Microsystems, Inc*. Since its launch in Japan in November 2009, customers show strong interest in the product. The Company also began providing “Oracle Database 11g Release2,” its latest mainstay database product, and “OracleTimesTen In-Memory Database 11g,” the latest in-memory database product. The Company also began providing “Oracle VM 2.2,” the latest server virtualization software in December the same year. In May 2010 the Company began shipping new editions of Oracle Database 11g Release 2 for Windows Server 2008 R2 and Windows 7.

The Company waged strategic campaigns in cooperation with partners in the second half of the fiscal year, focusing on advertising the value of products. As a result, sales of new database licenses recovered toward the end of the fiscal year, and the rate of decline in sales has improved.

In the middleware product segment, the Company began providing Oracle “Oracle Fusion Middleware 11g,” a series of next-generation middleware products, in July 2009 and Oracle Business Intelligence Applications in December 2009. Application servers and other products performed well, and revenue increased.

* Sun Microsystems, Inc: Oracle has completed its acquisition of Sun Microsystems on January 26, 2010.

* DWH: Data Ware House

* OLTP: On-Line transaction processing

(B) Business Applications

Revenue in the Business Applications amounted to 3,039 million yen (down 2,735 million yen or 47.4% year on year).

In this sub-division, the Company developed a lineup of products that offered specific solutions for a number of industries, and strengthened the sales system through which the Company provided customers with diverse solutions crafted with their needs in mind to address management issues and help them grow their business. The Company began providing “Oracle E-Business Suite R12.1,” the latest ERP package, in July 2009, and announced “PeopleSoft Enterprise9.1,” the latest mission-critical application, and “Agile Product Lifecycle Management for Process,” a new product for product development management in the food and beverage industry, in December of the same year. The Company started to provide “Oracle Demantra 7.3,” the latest demand management application, in April 2010 and “Siebel CRM Public Sector 8.2,” the latest CRM application to which functions for public offices are added, in May. There was strong customer interest in information technologies that improve management efficiency, cut costs, and strengthen sales capabilities, and demand from certain customers for the introduction of products in anticipation of dealing with business globalization and system reforms. However, given the uncertainty surrounding the economic outlook, customers remained cautious about investing in information technologies. As a result, revenue in this sub-division declined.

(ii) Updates & Product Support

Revenue in the Updates & Product Support division amounted to 59,237 million yen (up 687 million yen or 1.2% year on year).

In this division, which offers update rights and technical support to customers, the Company offset the decline in new investments resulting from the severe economic environment by accurately responding to customer demand for the continued use of existing business systems through reliable services. In addition, with the full introduction of “My Oracle Support,” which offered optimum support to customers tailored to their system environment, the Company has pursued new added value that help customers improve their own value. Moreover, while the Company endeavored to improve the support level, it also looked for opportunities to collaborate with partners, and focused on strengthening sales activities. As a result, despite a decline in general business confidence, the Company achieved contract and renewal rates in the expected range but was affected by a fall in sales of software products.

[Service-Related Segment]

Revenue in the Service-Related Segment was 13,451 million yen (down 3,246 million yen or 19.4% from the corresponding period of the previous fiscal year). The Service-Related Segment consists of the following three divisions: (i) Advanced Support, (ii) Education Services and (iii) Consulting Services.

(i) Advanced Support

Revenue in the Advanced Support sub-division amounted to 2,937 million yen (up 22 million yen or 0.8% year on year).

The Company received high marks from customers for both “Oracle On Demand,” which maintains and operates customer information systems, and “Advanced Customer Services,” which provides advanced and preventive support tailored to the environment of each customer. This is because these services enabled customers to maintain stable operations of their systems, reduce operational loads, and enjoy high cost efficiency. Moreover, while the Company focused on updating projects with its existing customers, it also sought to secure new sales projects by stepping up collaboration with business partners, and bolstering its sales structure.

(ii) Education Services

Revenue in the Education Services sub-division amounted to 1,780 million yen (down 753 million yen or 29.7% year on year).

Engineers who acquire qualifications, such as Oracle Master, show a strong interest in honing their skills and advancing their careers in the current difficult economic environment. The number of engineers who have acquired the qualifications exceeded 200,000 in July 2009, making them the most popular vendor qualifications, and the number of test takers, especially for superior qualifications, was stable. In addition, the Company focused on marketing activities, such as stimulating corporate demand for educating information technology engineers and bolstering collaboration with partners. Meanwhile, given cost cutting initiatives adopted by customers, the number of people attending regular training courses declined.

(iii) Consulting Services

Revenue in the Consulting Services sub-division amounted to 8,732 million yen (down 2,514 million yen or 22.4% year on year).

Orders recovered modestly from the latter half of the fiscal year, primarily reflecting the commencement of a new consulting business associated with a software product project that was received at the beginning of the term under review. However, with lower revenue from software products and the impact from a cutback in investments, revenue declined, mainly in operations that supported the deployment, operation and upgrading of database & middleware and business application products.

Revenue breakdown by business segments

Item	FY2009		FY2010		
	Amount	Composition	Amount	Composition	Variance
	Million Yen	%	%	Million Yen	%
Database & Middleware	34,765	30.0	35,104	31.7	1.0
Business Applications	5,775	5.0	3,039	2.7	-47.4
Software Product	40,540	35.0	38,144	34.4	-5.9
Updates & Product Support	58,549	50.6	59,237	53.4	1.2
Software related sub total	99,090	85.6	97,381	87.9	-1.7
Advanced Support	2,915	2.5	2,937	2.7	0.8
Education services	2,534	2.2	1,780	1.6	-29.7
Consulting services	11,247	9.7	8,732	7.9	-22.4
Service sub total	16,697	14.4	13,451	12.1	-19.4
Total	115,788	100.0	110,833	100.0	-4.3

*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 607 million yen which includes purchase of personal computers, computer servers and peripheral equipment amounting to 301 million yen. In addition, this capital investment includes acquisition of intangible fixed assets and payments for guarantee deposits.

(3) Issues to address

The Company aims to address the following key issues:

Thanks to active M&A and product development by Oracle Corporation (our parent company), we have strengthened our product offerings and have built a system for offering solutions that integrate software and hardware to support the business activities of our customers. Based on this system, we aim to earn the long-term trust of our customers and achieve further growth by creating new IT value and contributing to customers' success and social development. To achieve this aim, we believe we need to take the following initiatives:

- ① We will enhance and expand our operating structure from our customers' perspective and will bolster the strength of our solutions, consisting of the comprehensive capability of our products and the special features of individual products, and thereby creating further demand.
- ② We will bolster collaborative systems, strengthen our relationships with customers, and create new businesses by sustaining stable relationships of trust with partner companies and sharing business strategies.
- ③ We will recruit and cultivate the best employees who can explain the value of total solutions, one of our strengths, to our partner companies and customers.
- ④ We will establish a Systems Business Unit, which will deal primarily in hardware products and services, and will bolster the system for offering them with existing products in an integrated and organized manner.

(4) Performance and Assets

Category	22nd fiscal year ending May 2007	23rd fiscal year ending May 2008	24th fiscal year ending May 2009	25th fiscal year ending May 2010
Revenue (M Yen)	100,767	114,112	115,788	110,833
Ordinary income (M Yen)	37,190	39,130	39,030	39,149
Net income (M Yen)	22,134	23,057	22,740	22,862
Earning per share (Yen)	174.24	181.47	178.94	179.89
Total assets (M Yen)	116,839	119,042	118,699	125,951
Net assets (M Yen)	81,463	83,153	84,079	85,573
Net assets per share (Yen)	640.67	652.44	658.13	668.10

- (Note) 1. For 23rd fiscal year, the Company stepped up cooperation with Oracle Information Systems K.K. ("OIS"), which deals with products and services that have been added through the acquisition strategy of parent Oracle Corporation. As a consequence, the Company has become, in principle, a single point of contact for Oracle products and services in Japan. As a result, revenue, ordinary income and net income rise.
2. For 25th fiscal year's, please refer to "(1) Progress and Results of business".

(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 75.1% of voting rights (94,967,000 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 products such as relational database management software, middleware software as well as application software designed to help our customers manage and grow their business operations, and provides services to support use of these software products. The following table provides details about each business.

As of May 31, 2010

Category	Description of business
Database & Middleware	Sale of relational database management software, <i>Oracle Database</i> , middleware software products, <i>Oracle Fusion Middleware</i> and development and management software.
Business Applications	Sale of <i>Oracle Applications</i> including CRM (Customer Relationship Management), EPM (Enterprise Performance Management), ERP (Enterprise Resource Planning) and Industry Applications, etc.
Update & Product Support	Providing with update rights for software products, general product support services and technical information that enable potential problems to be avoided.
Advanced Support	Providing high-value added services such as an outsourcing service, <i>Oracle On Demand</i> and proactive technical support service, <i>Advanced Customer Services</i> , according to each customer needs.
Education Service	Certification of technical qualifications and software product training of system engineers and end users.
Consulting Service	Offering a variety of consulting services to help users with system construction.

(Note) As of June 1 2010, Oracle Corporation Japan newly established segment “Hardware Systems” which offers servers, storages and related services.

(7) Major Offices

As of May 31, 2010

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), Kansai (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)
Training Centers: Training Campus Aoyama (Minato-ku, Tokyo), Training Campus Osaka (Kita-ku, Osaka City), Training Campus Fukuoka (Chuo-ku, Fukuoka City)
Offices: Toyota Office (Toyota City, Aichi Prefecture),

(8) Employees

As of May 31, 2010

Number of employees	Difference from end of last fiscal year	Average age	Average service years of employment
2,092	-134	37.3	6.8

- (Note) 1. Number of employees was including employees on loan from the other companies (260 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. As of June 1 2010, 500 persons of employees on loan from OIS increased by its integrating Sun.

2. SHARES

As of May 31, 2010

- (1) Number of shares authorized to issue 511,584,909 shares
 (2) Number of outstanding shares 127,092,671 shares (including 4,443 own shares)
 (3) Number of shareholders 43,306
 (4) Major shareholder

Name of shareholder	Number of shares held (1,000 shares)	Composition %
Oracle Japan Holding, Inc	94,967	74.7
The master Trust Bank of Japan, Ltd.	1,907	1.5
Trust & Custody Services Bank, Ltd.	1,676	1.3
Japan Trustee Services Bank, Ltd.	1,496	1.2
JPMCB Omnibus US Pension, Treaty Jasdec 380052	746	0.6
Nomura Trust and Banking Co., Ltd.	514	0.4
JPMCB USA Residents Pension Jasdec Lend 385051	472	0.4
State Street Bank and Trust Company 305225	398	0.3
Mellon Bank, N.A. As Agent For Its Client Mellon Omnibus US Pension	267	0.2
The Chase Manhattan Bank, N.A. London	264	0.2

Note: The composition is calculated without treasury stock(4,443 shares) from total shares issued.

3. SHARE WARRANTS

(1) Share warrants held by company directors and statutory auditor as a consideration for the execution of the duties.

As of May 31, 2010

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
June 30, 2008 (Note) 3	340	Common stock 34,000 shares	1	4,679	From June 30, 2010 to August 29, 2017
October 15, 2008	520	Common stock 52,000 shares	2	4,787	From October 15, 2010 to September 30, 2018
October 15, 2009	550	Common stock 55,000 shares	2	3,930	From October 15, 2011 to September 25, 2019

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
October 15, 2008	40	Common stock 4,000 shares	2	4,787	From October 15, 2010 to September 30, 2018
October 15, 2009	50	Common stock 5,000 shares	2	3,930	From October 15, 2011 to September 25, 2019

- (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”.
 3. Share warrants were granted during employment with the Company.

(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
October 15, 2009	2,463	Common stock 246,300 shares	478	3,930	From October 15, 2011 to September 30, 2019

- (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
Takao Endo	Director Nominating Committee Member Compensation Committee Member President Chief Executive Officer	Senior Vice President, Oracle Corporation
Shigeru Nosaka	Director Senior Corporate Executive Officer Chief Financial Officer	-
Derek H. Williams	Director Chairperson of the Audit Committee Nominating Committee Member Compensation Committee Member	Executive Vice President Japan Sales & Consulting, Oracle Corporation
John L. Hall	Director Chairperson of the Nominating Committee	Senior Vice President, Oracle University, Oracle Corporation
Eric R. Ball	Director Audit Committee Member	Vice President & Treasurer, Oracle Corporation
Gregory R. Davies	Director Chairperson of the Compensation Committee Audit Committee Member	Vice President, Finance, Oracle Corporation, Asia Pacific & Japan
Masao Terazawa	Director Audit Committee Member Nominating Committee Member Compensation Committee Member	Director, Hitachi Software Engineering Co.,Ltd. Representative Director, Aruba Networks Japan KK.
Makiko Nakamori	Director Audit Committee Member	Certified Public Accountant President, Quintet Management Partners Auditor, Curtis Instruments (Pacific) Inc. Auditor, istyle, Inc. Auditor, Global-Dining, Inc.

- (Notes)
1. Directors, Derek H. Williams, John L. Hall, Eric R. Ball, Gregory R. Davies, Masao Terazawa and Makiko Nakamori are Outside Directors.
 2. Director Makiko Nakamori has a qualification of Certified Public Accountant; she 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 Masao Terazawa assigns Hitachi Software Engineering Co.,Ltd as Outside Director. The company is our partner company.
 5. Notifications of Directors, Masao Terazawa and Makiko Nakamori have been filed regarding these candidates as being independent directors stipulated in Rule of the Securities Listing Regulations of the Tokyo Stock Exchange.

(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. In the current 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 as an indicator in addition to degree of attainment of the operating income target.

Classification	Number of persons	Amount of payments (Million yen)
Directors (including Outside Directors)	4 (2)	133 (18)
Total	4 (2)	133 (18)

- (Notes)
1. The above table includes expenses on the granting of share warrants to four Directors (including two Outside Directors) totaling 24 million yen (of which, expenses on the granting of share warrants to Outside Directors: 1 million yen). The company granted share warrants to four Directors (including two Outside Directors) totaling 600 (of which, share warrants to Outside Directors: 50).
 2. The company has no retirement allowance plan for directors.
 3. The above table includes provision for four Directors' bonuses (including two Outside Directors) in relation to the year under review totaling 22 million yen (of which, provision for two Outside Directors: 2 million yen).
 4. The Executive Officers of the Company all concurrently serve as Directors of the Company. Accordingly, there is no Executive Officers’ remuneration this fiscal year.

(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

Name	
Derek H. Williams	Attended all 12 meetings of the Board of Directors, 5 meetings of the Audit Committee, 2 meetings of the Nominating Committee and a meeting of the Compensation Committee held during the year under review. 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.
John L. Hall	Attended all 12 meetings of the Board of Directors and 2 meetings of the Nominating Committee held during the year under review. 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	Attended 11 meetings of 12 meetings of the Board of Directors and all 5 meetings of the Audit Committee held during the year under review. 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	Attended 11 meetings of 12 meetings the Board of Directors, 4 meetings of 5 meetings of the Audit Committee and a meeting of the Compensation Committee held during the year under review. 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.
Masao Terazawa	Attended all 12 meetings of the Board of Directors, 5 meetings of the Audit Committee, 2 meetings of the Nominating Committee and a meeting of the Compensation Committee held during the year under review. 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 many years of management experience.
Makiko Nakamori	Attended all 12 meetings of the Board of Directors and 5 meetings of the Audit Committee held during the year under review. Provided helpful advice about the Company’s management and made other necessary statements, from an expert perspective as a Certified Public Accountant.

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

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 based on the provision in Paragraph 1, Article 427 of the Corporate Law

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 52 million yen

(ii) Total amount of fee for which the company must pay 52 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).

Not applicable.

(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

① The 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.

② The 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.

③ The 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.

④ The 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.

⑨ Other 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

In the current term and the future for a period, the Company will distribute the profits from its periodic income to shareholders as the distribution of surplus while considering its earnings conditions, capital needs based on a business plan, and other retention of earnings for the management of the company. The company distributes money as the way of distribution of surplus.

The Company examines appropriate correspondence for the acquisition of treasury stocks, reduction of reserves, and other disposal of surplus with consideration for its financing conditions appropriately.

The dividend per share at the term end is 100 yen. Combined with the interim dividend (70 yen), the annual dividend per share is 170yen.

Balance Sheet

As of May 31, 2010

(Unit: Million yen)

Items	Amount	Items	Amount
(Assets)		(Liabilities)	
I Current assets		I Current liabilities	
1. Cash and deposits	59,353	1. Accounts payable-trade	5,994
2. Notes receivable-trade	1	2. Accounts payable-other	3,366
3. Accounts receivable-trade	15,496	3. Income taxes payable	8,617
4. Short-term investment securities	3,001	4. Accrued consumption taxes	1,560
5. Merchandise	3	5. Advances received	19,111
6. Prepaid expenses	149	6. Deposits received	220
7. Deferred tax assets	1,646	7. Provision for bonuses	1,237
8. Accounts receivable-other	879	8. Provision for directors' bonuses	22
9. Other	51	9. Other	156
10. Allowance for doubtful accounts	-2	Total current liabilities	40,287
Total current assets	80,580	II Noncurrent liabilities	
		Other	91
		Total noncurrent liabilities	91
		Total liabilities	40,378
II Noncurrent assets		(Net assets)	
1. Property, plant and equipment		I Shareholders' equity	
(1) Buildings	15,889	1. Capital stock	22,292
(2) Tools, furniture and fixtures	1,541	2. Capital surplus	
(3) Land	26,057	Legal capital surplus	33,730
Total property, plant and equipment	43,488	Total capital surplus	33,730
2. Intangible assets		3. Retained earnings	
(1) Software	49	(1) Legal retained earnings	1,000
(2) Other	0	(2) Other retained earnings	
Total intangible assets	49	Retained earnings brought forward	27,904
3. Investments and other assets		Total retained earnings	28,904
(1) Investment securities	310	4. Treasury stock	-21
(2) Deferred tax assets	238	Total shareholders' equity	84,906
(3) Guarantee deposits	1,257	II Valuation and translation adjustments	
(4) Bankruptcy and reorganization	0	Valuation difference on available-for-sale securities	1
(5) Other	35	Total valuation and translation adjustments	1
(6) Allowance for doubtful accounts	-9	III Subscription rights to shares	665
Total investments and other assets	1,832	Total net assets	85,573
Total noncurrent assets	45,370	Total liabilities and net assets	125,951
Total assets	125,951		

Statement of Income

(From June 1, 2009 to May 31, 2010)

(Unit: Million yen)

	Amount
Net sales	110,833
Cost of sales	47,887
Gross profit	62,945
Selling, general and administrative expenses	24,082
Operating income	38,863
Non-operating income	288
Non-operating expenses	2
Ordinary income	39,149
Extraordinary income	
Gain on reversal of subscription rights to shares	21
Gain on sales of investment securities	16
Total extraordinary income	38
Extraordinary loss	
Business structure improvement expenses	376
Loss on retirement of noncurrent assets	19
Total extraordinary loss	395
Income before income taxes	38,792
Income taxes-current	15,976
Income taxes-deferred	-46
Net income	22,862

Statement of changes in shareholders' equity

Current Term (From June 1, 2009 to May 31, 2010)

(Unit : Million yen)

	Shareholders' equity							Total shareholders' equity
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Treasury stock	
		Legal capital surplus	Total Capital surplus		Other retained	Total retained earnings		
				Retained earnings brought forward				
Balances as of May 31, 2009	22,290	33,728	33,728	1,000	26,647	27,647	-17	83,648
Changes of items during the period								
Issuance of new shares-exercise of subscription rights to shares	2	2	2					4
Dividends from surplus					-21,604	-21,604		-21,604
Net income					22,862	22,862		22,862
Purchase of treasury stock							-3	-3
Net changes of items other than shareholders' equity								
Total changes of items during the period	2	2	2	-	1,257	1,257	-3	1,257
Balances as of May 31, 2010	22,292	33,730	33,730	1,000	27,904	28,904	-21	84,906

	Valuation and translation adjustments	Subscription rights to shares	Net assets
	Valuation difference on available-for-sale securities		
Balances as of May 31, 2009	-7	438	84,079
Changes of items during the period			
Issuance of new shares-exercise of subscription rights to shares			4
Dividends from surplus			-21,604
Net income			22,862
Purchase of treasury stock			-3
Net changes of items other than shareholders' equity	9	226	235
Total changes of items during the period	9	226	1,493
Balances as of May 31, 2010	1	665	85,573

Notes to Non-consolidated Financial Statements

Significant Accounting Policies

1. Valuation standard and method applied to negotiable securities

Available-for-sale securities

Securities with fair market value: At fair market value method based on the quoted market price as of the end of the term. (Differences between revaluated amounts and original purchase prices are presented in net assets and the sales price is determined by the moving average method.)

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 method

The useful life of major items are as follows:

Buildings: 5 to 38 years

Appliances and equipment

Personal computers: 2 years

Computer servers: 3 years

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. 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 the accounting method

Application of “Accounting Standard for Construction Contracts”

From this fiscal year, the Company has applied to the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15; December 27, 2007) and the “Guidance on the Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18; December 27, 2007). The Company has been applying the percentage of completion method for sales of a certain type of software products to which the above standard and the guidance are applicable. As a result, the above changes had no impact on revenue, gross profit, operating income, ordinary income or income before income taxes for this fiscal year.

Notes to the balance sheet

Accumulated depreciation of tangible fixed assets 3,824 million yen

Notes to the statement of income

Transactions with affiliated companies

Operating transactions

Sales 516 million yen
Purchase amount 153 million yen

Notes to the Statement of changes in shareholders' equity

1. Type and number of issued shares and treasury stocks

	2009/5/31 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	2010/5/31 (thousand shares)
Issued shares				
Common stock (Note)	127,091	1	—	127,092
Treasury stocks				
Common stock	3	0	—	4

(Note) Increase of 1 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)	Dividend per share (Yen)	Reference date	Effective date
Board of directors meeting held on July 29, 2009	Common stock	12,708	100	May 31, 2009	August 28, 2009
Board of director held on December 22, 2009	Common stock	8,896	70	November 30, 2009	February 8, 2010

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

The board meeting on July 23, 2010.

Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Common stock	12,708	Earned surplus	100	May 31, 2010	August 12, 2010

3. Share warrants

Date that rights were granted	Type of stock	Number of remaining shares to be issued
October 1, 2000 (Note) 1	Common stock	137,100shares
October 1, 2001 (Note) 1	Common stock	189,800shares
October 1, 2002	Common stock	154,300shares
October 1, 2003	Common stock	172,100shares
October 1, 2004	Common stock	172,300shares
October 1, 2005	Common stock	211,700shares
December 25, 2006	Common stock	135,000shares
October 15, 2007	Common stock	137,700shares
Total		1,310,000shares

Note: 1. Subscription rights based on old commercial law No.280-19.

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

Notes to tax-effect accounting

Breakdown of major causes of deferred tax assets and liabilities

As of May 31, 2010

(Unit: Million yen)

(Current)	
Deferred tax assets	
Accounts payable-other	183
Accrued business tax	660
Advances received	206
Provision for bonuses	503
Others	92
Total deferred tax assets	1,646
(Fixed)	
Deferred tax assets	
Depreciation in excess	157
Investment securities	54
Others	28
Total deferred tax assets	240
Deferred tax liabilities	
Valuation difference on available-for-sale securities	-1
Total deferred tax liabilities	-1
Net deferred tax assets	238

Notes to Financial Instruments

1. Status of financial instruments

With respect to fund management, the Company ensures a very high level of safety and appropriate liquidity by 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).

The Company is exposed to market price fluctuation risk and credit risk in relation to investment securities. However, the Company reduces such risks by having each company review of market price and financial condition regularly.

In addition, we will not conduct derivative transactions.
Accounts payable-trade, one of trade payables, is settled in short term.

2. Market value of financial instruments

Amounts recognized in the balance sheet, market values, and the differences between them on May 31, 2010, 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	59,353	59,353	—
(2) Notes receivable-trade, accounts receivable-trade and accounts receivable-other	16,377		
Allowance for doubtful accounts (*)	-2		
Net	16,374	16,374	—
(3) Short-term investment securities and investment securities	3,116	3,116	—
Total assets	78,844	78,844	—
(1) Accounts payable-trade	5,994	5,994	—
(2) Accounts payable-other	3,366	3,366	—
(3) Income taxes payable	8,617	8,617	—
Total liabilities	17,978	17,978	—

(*) Allowance for doubtful accounts recognized in notes receivable-trade, accounts receivable-trade and accounts receivable-other.

Note: 1. Calculation of the market value of financial instruments

Assets

(1) Cash and deposits (2) Notes receivable-trade, accounts receivable-trade and accounts receivable-other

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.

(3) Short-term investment securities and investment securities

In relation to the market value of investment securities, for shares the market prices of exchanges 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	195 Million yen

Because it is recognized that this does not have market values and the market values are extremely difficult to determine, this is not included in the (3) Short-term investment securities and investment securities.

(Additional information)

From the year ended May 31, 2010, the company adopted Accounting Standard for Financial Instruments (ASBJ Statement No.10) (March 10, 2008) and Guidance on Disclosure about Fair Value of Financial Instruments (ASBJ Guidance No.19) (March 10, 2008)

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. (Note) 1	—	Settlement of funds for transactions among Oracle Group companies and making a short-term loan	Collection of loans receivables (Note) 2	37,015	Short-term loan receivable	—
				Settlement of funds for transactions among Oracle Group companies (Note)3	8,266	Accounts payable	2,122
	Oracle International Corporation	—	Conclusion of sales agency agreements	Payment of royalties (Note) 4	28,104	Accounts payable	2,822

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

- 1: On February 15, 2010, Oracle USA, Inc. was renamed Oracle America, Inc.
- 2: The interest rate on loans is determined rationally after the market interest rate is taken into account.
Interest income relates to this transaction amounting to 91 million yen (We booked 44 million yen in this fiscal year).
- 3: Settlement of funds for transactions among Oracle Group companies (not including transactions with Oracle International Corporation) is processed through the account of Oracle America, Inc. The above transaction amounts are funds settled, the majority of which are payments of royalties (FY10 7,979 million yen) to Oracle Information Systems Japan K.K. (a subsidiary of the parent company). In addition, royalty ratios are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards that are identical.
- 4: 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.

Per share data

- | | |
|--|-----------|
| 1. Net assets per share | 668.10yen |
| 2. Net income per share for the current term | 179.89yen |

Notes to important subsequent events

The company entered into a hardware systems business.

In association with the acquisition of Sun Microsystems, Inc., based in the United States, by Oracle Corporation, the effective parent company of the Company, the Company entered into sale and provision of the hardware products and associated services that Sun Microsystems K.K.* (Setagaya-ku, Tokyo) handled from June 1, 2010.

With entering into a hardware systems business, the Company hired 500 employees on loan from Oracle Information Systems Japan K.K., a subsidiary of Oracle Corporation, on the same day.

*Sun Microsystems K.K. merged with Oracle Information Systems Japan K.K. (the surviving company) on June 1, 2010.

(1) Contents of the hardware systems business

Our hardware systems business primarily sells computer servers and storages, and provides associated services.

(2) Effect on the operations of the Company

The Company has established a system to provide total solutions, based on products and services of all IT categories, including hardware in addition to databases, middleware, and business applications. We expect that the hardware systems business will expand business opportunities and contribute to revenue and income.

Audit Report by Auditing Corporation

Report of independent registered public accounting firm

July 21, 2010

Oracle Corporation Japan

The board of Directors

Ernst & Young Shin Nihon LLC

Engagement Limited Partner:

Keiko Kishigami, Certified Public Accountant

Engagement Limited Partner:

Kazuhiro Ishiguro, Certified Public Accountant

We, Shin Nihon & Co., have audited the balance sheets, the statement of income and the statement of stockholders' equity, notes to non-consolidated financial statements and its supplemental financial schedules of Oracle Corporation Japan applicable to its 25th fiscal period from June 1, 2009 to May 31, 2010, as required by Article 436, Paragraph 2 (1) of the Corporate law. These financial statements and the supplementary financial schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements and the supplementary financial schedules based on our audits.

We conducted our audits in accordance with Japan generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the supplementary financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary financial schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and supplemental financial schedule referred to above present fairly, in all material respects, the financial position and the result of operations of the Company in conformity with Japan generally accepted accounting principles.

Additional information

As notes to important subsequent events described, the company entered into a hardware systems business on June 1, 2010.

We have no financial interest in the Company, which should be disclosed under the provisions of the Certified Public Accountants Law.

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 25th fiscal year from June 1, 2009 to May 31, 2010. The following is a report of the methods and results of the audit:

1. Method and content of audit

The Audit Committee monitored and examined 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 status of a system developed based on the resolutions (internal control system), 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 (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 sheets, statements of income, statements of changes in net assets, and notes), 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 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 23, 2010

Audit Committee of Oracle Japan Corporation

Audit Committee Member	Derek H. Williams	Seal
Audit Committee Member	Eric R. Ball	Seal
Audit Committee Member	Gregory R. Davies	Seal
Audit Committee Member	Masao Terazawa	Seal
Audit Committee Member	Makiko Nakamori	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 (8) 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) Takao Endo (January 19, 1954)	Apr. 1977 IBM Japan	-
	Jan. 1992 Assistant Manager	
	Jan. 1993 Business Management	
	Jan. 1995 MDQ/CIO Reengineering	
	Feb. 1996 Loan to International Business Machine Corporation	
	Jan. 1998 Service Project Planning Unit	
	Jan. 1999 General Manager, Service Project Planning, Manufacturing and Retail Service	
	Apr. 2000 Senior General Manager, Manufacturing and Retail Service	
	Mar. 2001 Director, Industry Service Unit	
	Apr. 2002 Director, Asia Pacific Industry Service Sector	
	Mar. 2004 Senior Vice President, Industry Unit	
	Jan. 2006 Senior Vice President, BTO Unit	
	Aug. 2007 Retirement from IBM Japan	
	Jun. 2008 Joined Oracle Corporation Japan, President and Chief Executive Officer Senior Vice President, Oracle Corporation (Current position)	
Aug. 2008 Director, Representative Corporate Executive Officer President and Chief Executive Officer Oracle Corporation Japan (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
(2) Shigeru Nosaka (Sep. 12, 1953)	Apr. 1976 Joined Marubeni Corporation	2,700 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	
	Jun. 2002 Senior Vice President, Chief Financial Officer, Director of Finance Division	
	Aug. 2002 Director, Senior Executive Officer, Chief Financial Officer, Director of Finance Division	
	Oct. 2002 Director, Senior Executive Officer, Chief Financial Officer, Finance and Application IT.	
	Jun. 2003 Director, Senior Executive Officer, Chief Financial Officer, Finance/Application IT/ Infrastructure Development, Director of Finance	
	Jun. 2004 Director, Executive Vice President, Chief Financial Officer, Finance/Infrastructure Development/Application IT, Director of Finance	
	Sep. 2005 Director, Chief Financial Officer, SkyWave, Inc.	
	Nov. 2005 Retirement from the Company	
	Oct. 2007 Executive Vice President, Chief Financial Officer, Finance, IT and General Affaires, Director of Finance	
	Nov. 2007 Auditor of Miracle Linux Corporation	
	Jun. 2008 Executive Vice President, Chief Financial Officer, Finance, Facility, IT, Internal Audit	
	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 (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)	Apr. 1961 Joined IT&T Creed (U.K.)	-
	Apr. 1969 Data Processing Manager of Parker Pen (U.K.)	
	Oct. 1977 Director of System Solve (U.K.)	
	Dec. 1985 Director of Uni-Soft (U.K.)	
	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 of Oracle Corporation Japan (Current position)	
	Jun. 2006 Chairman and Executive Vice President, Oracle Corporation, Asia Pacific & Japan	
	Jun. 2008 Executive Vice President, Japan Sales and Consulting, 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
(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.)	
	May 2005 Vice President & Treasurer, Oracle Corporation (Current Position)	
	Aug. 2006 Director of Oracle Corporation Japan (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) Gregory R. Davies (August 11, 1954)	Jan. 1972	Joined Coopers & Lybrand Australia	-
	Oct. 1988	Finance Manager Oracle Corporation Australia Pty Limited.	
	Jun. 1989	Finance Director Oracle Corporation Australia Pty Limited	
	Jun. 1991	Finance Director Oracle Corporation Asia Pacific	
	Jun. 1996	Vice President, Finance, Oracle Corporation Asia Pacific	
	Jun. 2001	Vice President, Finance, Oracle Corporation Asia Pacific & Japan (Current position)	
	Mar. 2005	Director, Oracle Information Systems Co., Ltd.	
	Aug. 2007	Director of Oracle Corporation Japan (Current position)	
(7) Masao Terazawa (August 28, 1940)	Mar. 1964	Joined Yokogawa Hewlett-Packard (HP) Co., Ltd.	-
	Jan. 1988	Director of HP	
	Jan. 1994	Executive Director, HP	
	Jan. 1997	Senior and Representative Director, HP	
	Nov. 1998	Representative Director and President, HP	
	Nov. 2002	Representative Director and Chairman, HP	
	Aug. 2004	Leave Representative Director Chairman, HP	
	Jun. 2005	Director, Hitachi Software Engineering (Current position)	
	Sep. 2005	Adviser, Oracle Corporation Japan	
	Dec. 2006	Representative Director, Aruba Networks K.K. (Current position)	
	Aug. 2007	Director of Oracle Corporation Japan (Current position)	
(8) Makiko Nakamori (August 18, 1963)	Apr. 1987	Entered Nippon Telephone & Telegram Corporation	-
	Oct. 1991	Entered Asahi Audit Corporation	
	Apr. 1996	Registered as Certified Public Accountant	
	Jul. 1997	Opened Nakamori Certified Public Accountant Office (Current position)	
	Aug. 2000	Auditor of Oracle Corporation Japan	
	Jan. 2001	Auditor of Curtis Instruments (Pacific), Inc. (Concurrent position)	
	Dec. 2006	Auditor of istyle Inc.(Concurrent position)	
	Aug. 2008	Director of Oracle Corporation Japan (Current position)	
Mar 2010	Auditor of Global Dining, Inc.(Concurrent position)		

Note 1. Special interests between the candidates and the Company

- (1) Mr. Derek H. Williams is Executive Vice Presidents of Oracle Corporation, Mr. John L. Hall is Senior Vice President of Oracle Corporation and Mr. Eric R. Ball is Vice President & Treasurer 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) Mr. Gregory R. Davies is Vice President & Finance of Oracle Corporation Asia Pacific & Japan and He belongs to Oracle Corporation Australia Pty Limited. The Company belongs to the corporate group centered on Oracle Corporation. Oracle Corporation Australia Pty Limited is special related entities to the Company.
- (3) Mr. Masao Terazawa is outside director of Hitachi Software Engineering. This Company is our distributing agent.

2. Candidates for outside directors

- (1) Messrs. Derek H. Williams, John L. Hall, Eric R. Ball, Gregory R. Davies, Masao Terazawa and Makiko Nakamori are candidates for outside directors.

(2) Reason

The reasons why Messrs. Derek H. Williams, John L. Hall, Eric R. Ball and Gregory R. Davies 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.

The reason why Mr. Masao Terazawa is Outside Director’s candidate is that he makes helpful statements about the Company’s management from his experience of Hewlett-Packard Japan and Hitachi Software Engineering.

The reason why Ms. Makiko Nakamori is Outside Director’s candidate is that she is certified public accountants and makes helpful statements about the Company’s management from her 8 years of experience as an outside statutory auditor of the Company.

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

Derek H. Williams	Outside Director	9 years
John L. Hall	Outside Director	7 years
Eric R. Ball	Outside Director	4 years
Gregory R. Davies	Outside Director	3 year
Masao Terazawa	Outside Director	3 year
Makiko Nakamori	Outside Statutory Auditor	10 years

- (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.

3. Notifications of Directors, Masao Terazawa and Makiko Nakamori have been filed regarding these candidates as being independent directors stipulated in Rule of the Securities Listing Regulations of the Tokyo Stock Exchange.

Reason for selecting the candidates:

The nomination committee decided that each director has been providing invaluable role as supposed to the directors for deciding important business judgments and supervision of the business operation of the company based on their expertise, and it is appropriate to serve as director of the company continuously.

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.

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

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.

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

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.