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Sec. Code 4716

August 7, 2013

To Our Shareholders

Takao Endo  
Representative Corporate Executive Officer  
**Oracle Corporation Japan**  
Kita-Aoyama 2-5-8, Minato-ku, Tokyo

## **NOTICE OF THE 28<sup>th</sup> ANNUAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 28<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:** Friday, August 23, 2013, at 10:00 a.m.
2. **Place:** Banquet room “Grand Ballroom”, 3<sup>rd</sup> Floor, Grand Hyatt Tokyo,  
6-10-3 Roppongi, Minato-ku, Tokyo, Japan 106-0032

### **3. Meeting Objectives:**

#### **Reporting:**

Presentation of the Business Report, Balance Sheet and Statement of Income for the 28<sup>th</sup> Business Period (from June 1, 2012 to May 31, 2013)

#### **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 Thursday, August 22, 2013.

[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 Thursday, August 22, 2013. 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/K28>**

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

Period: August 7, 2013 to August 30, 2013

#### © 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 (Thursday, August 22, 2013). 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, 2012 to May 31, 2013)

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

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

During the fiscal year under review (from June 1, 2012 to May 31, 2013), although performance was weak in certain sectors in the Japanese economy in the beginning of the fiscal year, IT investment has increased gradually reflecting recovering corporate activities backed by improvement of the export environment and reconstruction demand after the earthquake. Oracle Corporation organized Oracle OpenWorld, an IT conference, in San Francisco in October 2012 and announced a range of new products and services, and also organized Oracle CloudWorld in Tokyo and announced the strategy of Cloud services of Oracle Corporation in April 2013. The Company prepared to provide those new products and services for customers in Japan.

As a result of these business initiatives, the Company posted for the fiscal year under review revenue of 153,148 million yen (up 7.2% year on year), operating income of 42,673 million yen (increasing 5.5%), ordinary income of 42,902 million yen (rising 6.0%), and net income of 26,494 million yen (up 11.7%). Each of these figures represents new record highs.

The results of each business segment are as follows:

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

Revenue in the new software licenses and cloud software subscriptions Segment was 47,560 million yen, up 12.0% from the corresponding period of the previous fiscal 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 44,852 million yen (rising 7.3% year on year), and revenue in the Cloud Software Subscriptions was 2,707 million yen (up 310.2% year on year).

In the New Software Licenses, increasing numbers of customers were using database, middleware and other products of the Company as products essential for developing IT infrastructure and environments for cloud computing and/or Big Data that are able to support their business activities and respond quickly to business expansion and changes in the operating environment. Sales of Engineered Systems, including Oracle “Exadata,” which provide software and hardware together, were robust, and sales of database and options that are used with Engineered Systems also increased. In addition, “Industry specific application” tailored IT solution and products for the customers in various industries, and HCM products for personnel administration, did well.

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 strong, as were sales of products for the medical industry.

**[Software License Updates & Product Support]**

Revenue in the Software License Updates & Product Support Segment was 67,109 million yen, increasing 3.3% 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 22,202 million yen, up 8.4% from the corresponding period of the previous fiscal year.

This segment consists of the Hardware Systems Product division, which sells servers, storage products, and hardware for Engineered Systems, 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 12,370 million yen (rising 11.9% year on year).

Sales of Engineered Systems, including Oracle Exadata, were strong.

In June 2012, the Company launched “Sun ZFS Backup Appliance”. This was followed in August by the introduction of “StorageTek SL150 Modular Tape Library”, and in October by the launch of “Oracle Exadata X3-2 Database In-Memory Machine”, the latest version of “Oracle Exadata”. In November 2012, the Company launched “Oracle Exalogic Elastic Cloud X3-2”, followed by the launch of “StorageTek LTO 6 Tape Drive,” in February 2013, and the company also launched “SPARC T5” series and “SPARC M5” series, which are both equipped new SPARC microprocessor.

Meanwhile, the Company emphasized collaboration with its sales partners. NEC Corporation and Fujitsu Limited have begun providing first-line technical support services and SI support services for Oracle Exadata since August and September, 2012, respectively. Additionally, K.K. Ashisuto has been providing services for Oracle Database Appliance since April 2013.

Revenue in the Hardware Systems Support division was 9,831 million yen (up 4.3% year on year).

Hardware system support performed well, reflecting an improvement in support attach rate to newly sold hardware products and conclusions of renewal contracts with existing customers. ITOCHU Techno-Solutions Corporation has been providing a comprehensive maintenance service for the Oracle Database Appliance since November 2012.

**[Services]**

Revenue in the Services Segment was 16,276 million yen, increasing 8.5% from the corresponding period of the previous fiscal year.

This segment consists of Managed Cloud Services\*\*, which provides high-value added services, including a preventive maintenance service and managed cloud services; Education Services, which provide training for engineers and users, and also encompasses a technology qualification business; and Consulting Services, which support the introduction of products of the Company.

In Managed Cloud Services, “Advanced Customer Support Services”, which provide preventive maintenance services performed well especially service for Oracle Exadata. In Consulting Services, the performance of consulting services for new licenses was solid.

\* From the third quarter under review, the Company has decided to change the name of the segment “Software License” to “New Software Licenses and Cloud Software Subscriptions” and the revenue breakdown by business segment from a breakdown by product to a breakdown by method of provision, given the increase in methods involving subscriptions that provide software as use type products in the cloud computing environment and in methods involving the licensing of software.

\*\* Managed Cloud Services is formely known as Cloud Services.

<Revenue breakdown by business segments>

Item	FY2012		FY2013		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
New software licenses	41,792	29.2	44,852	29.3	7.3
Cloud Software Subscriptions	660	0.5	2,707	1.8	310.2
New software licenses and cloud software subscriptions	42,452	29.7	47,560	31.1	12.0
Software License Updates & Product Support	64,986	45.5	67,109	43.8	3.3
Software Related	107,439	75.2	114,669	74.9	6.7
Hardware Systems Products	11,053	7.7	12,370	8.1	11.9
Hardware Systems Support	9,430	6.6	9,831	6.4	4.3
Hardware Systems	20,484	14.3	22,202	14.5	8.4
Services	14,995	10.5	16,276	10.6	8.5
Total	142,919	100.0	153,148	100.0	7.2

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

Details of New software licenses & Cloud software subscriptions Revenue in former reporting style.

Item	FY2012		FY2013		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
Database & Middleware	37,551	26.3	40,113	26.2	6.8
Applications	4,900	3.4	7,446	4.9	51.9
Software Licenses	42,452	29.7	47,560	31.1	12.0

## (2) Capital investment

The total amount of the company's capital investment in this period was 1,004 million yen which includes purchase of personal computers, computer servers and peripheral equipment and payment for guarantee deposit to Akasaka Center Building. 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:

To achieve its basic business policy of creating new IT value and contributing to customer success and the development of society, the Company will seek to harness the outcomes of Oracle Corporation's proactive product development and M&A strategies. The Company will also target growth strategies and develop its management foundations to build long-term partnerships with its customers.

To that end, the Company has developed its new three-year management plan, the Midterm Corporate Strategy "Sustainable Business Growth 2014" which will cover the year ending May 2012 through the year ending May 2014. The Company will pursue two strategies: Growth Initiatives for external growth and a Foundation strategy for bolstering the management base.

Through Growth Initiatives, we will introduce 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.

## (1) Solutions

### 1) New Generation

We will continue to contribute to solutions that respect changes in the management environment surrounding our customers by providing the total value of Oracle. This means offering all products and solutions, such as the Engineered Systems, SOA, and Oracle Fusion Application, as well as cloud computing. We aim to embody the IT trend of shifting to a system to minimize system building, namely system development moving from building to setting and simplification, shorter project periods, and a change from distribution to integration of IT resources.

## 2) Cloud Computing

As Oracle on Demand, we will lead the cloud computing industry by developing an extensive cloud portfolio. Our goal is to provide a service of hosting and managing our customers' system environment and 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 software as a service. By deploying broad portfolio of cloud computing, we would like demonstrate our leadership for the growth of cloud computing market.

## (2)Business Model

### 1) GTM Model (Go To Market)

Taking a long-term perspective, we will bolster the development of true partnerships with our customers and support the customers' challenges by strengthening the account management structure through delivering Oracle's total value and products specializations. We will also expand our businesses by seeking strategic cooperation with our partners.

### 2) Engagement Model

We will establish a system that will enable us to make a maximum contribution to our customers' projects, while also taking into account long-term contracts and comprehensive agreements and helping to reduce the relative total cost of ownership (TCO).

### 3) Life Cycle Relationship

We will aim to expand our businesses by providing comprehensive support for the lifecycle from consulting to designing, building, operating, and maintaining our customers' IT systems for overall optimization. At the same time, we will seek to lower maintenance and operational costs and maximize business value. We also aim to establish new forms of IT, including system development techniques, to expand our businesses by providing technologies, products, and solutions that help build a corporate system capable of flexibly responding to business changes while effectively using the customers' existing systems.

In the Foundation strategy, to execute the Growth Initiative, the Company will nurture diversified and professional talented personnel, and create a comprehensive management foundation fully utilize its global management resources.

- The company defined "Oracle Japan Values" to provide a common base philosophy for the employees, and actively to prevail the philosophy company-wide.
  - We will hold town-hall meetings and other sessions, and take other initiatives such as the creation of Innovation Awards to develop a “free and open-minded culture that is committed to challenge and constant innovation” and a “climate in which individuals are connected through mutual trust and are able to praise one another.”
  - Attracting talent and developing leaders are important for sustainable growth, and focusing on the process and operation of these activities will transform the Company into one that encourages personal development. This will also create an environment that enables the employees to hone their diverse skills.
  - We will strengthen the profit management system based on changes in the business structure, reform the work system, primarily at indirect departments, and improve efficiency and streamline operations throughout the company.
- 
- As a result of the aggressive acquisition strategy pursued by our parent company, Oracle Corporation, a number of effective solutions can now be provided worldwide, in addition to conventional Oracle products, including the databases that have such high recognition in the market. Further, providing products that rapidly incorporate IP (Intellectual Property) and having the development capacity to do this are part of the value of Oracle. Oracle Japan will maximize use of the powerful IT leadership, technical capabilities, and experience of Oracle Corporation as effective management resources

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	25th fiscal year ending May 2010	26th fiscal year ending May 2011	27th fiscal year ending May 2012	28th fiscal year ending May 2013
Revenue (M Yen)	110,833	132,724	142,919	153,148
Ordinary income (M Yen)	39,149	37,316	40,480	42,902
Net income (M Yen)	22,862	22,065	23,709	26,494
Earning per share (Yen)	179.89	173.62	186.55	208.47
Total assets (M Yen)	125,951	132,982	111,493	136,810
Net assets (M Yen)	85,573	86,176	60,438	77,473
Net assets per share (Yen)	668.10	671.67	468.20	601.77

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

(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 75.0% 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, 2013

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, Managed Cloud 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, 2013

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 / Yoga Office (Setagaya-ku, Tokyo),  
Training Centers: Toyota Office (Toyota City, Aichi Prefecture),  
Training Campus Aoyama (Minato-ku, Tokyo),  
Training Campus Osaka (Kita-ku, Osaka City)

(Note) We established a new office in Akasaka Center Building on June 2013. Training Campus Aoyama at Oracle Aoyama Center (head office) has been moved to Akasaka Center Building and has been renamed Training Campus Akasaka on July, 2013.

(8) Employees

As of May 31, 2013

Number of employees	Difference from end of last fiscal year	Average age	Average service years of employment
2,497	-89	39.5	7.4

(Note) Number of employees was including employees on loan from the other companies (528 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, 2013

- (1) Number of shares authorized to issue 511,584,909 shares  
 (2) Number of outstanding shares 127,098,571 shares (including 5,675 own shares)  
 (3) Number of shareholders 36,983  
 (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.	1,451	1.1
Japan Trustee Services Bank, Ltd.	1,008	0.8
SIX SIS LTD.	571	0.4
Northern Trust Co. (AVFC) Sub A/C USL	547	0.4
SSBT OD05 Omnibus Account - Treaty Clients	493	0.4
JPMCB Omnibus US Pension, Treaty Jasdec 380052	478	0.4
Trust & Custody Services Bank, Ltd.	452	0.4
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	451	0.4
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02	433	0.3

Note: The composition is calculated without treasury stock (5,675 shares) from total shares issued.

### 3. SHARE WARRANTS

(1) Share warrants held by company directors

As of May 31, 2013

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
October 15, 2010	550	Common stock 55,000 shares	2	4,338	From October 15, 2012 to September 22, 2020
September 28, 2011	700	Common stock 70,000 shares	2	2,698	From September 28, 2013 to September 13, 2021
September 28, 2012	600	Common stock 60,000 shares	2	4,025	From September 28, 2014 to September 12, 2022

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

- (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
July 2, 2012	50	Common stock 5,000 shares	1	3,390	From July 2, 2014 to September 13, 2021
September 28, 2012	2,577	Common stock 257,700 shares	201	4,025	From September 28, 2014 to September 12, 2022

- (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 Executive Deputy President Chief Financial Officer	-
Derek H. Williams	Director Chairperson of the Audit Committee 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 Compensation Committee Audit Committee Member 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. Directors, Derek H. Williams, 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 assigns Nozomi Servicing Co. Ltd. as Director, Nomura Real Estate Holdings, Inc and Nomura Real Estate Development Co., Ltd. as external auditor, the Company has no business relationship with the concurrent companies.
  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.

## (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 products business etc., 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)	147 (20)
Total	4 (2)	147 (20)

- (Notes)
1. The above table includes expenses on the granting of share warrants to four Directors (including two Outside Directors) totaling 38 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 650 (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 21 million yen (of which, provision for two Outside Directors: 3 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

(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
Derek H. Williams	11/11	5/5 (Chairperson)	4/4	1/1
John L. Hall	11/11	5/5	4/4 (Chairperson)	-
Eric R. Ball	11/11	5/5	-	1/1
Gregory R. Davies	10/11	4/5	4/4	1/1 (Chairperson)
Satoshi Ogishi	11/11	5/5	-	-
Shuhei Murayama	11/11	5/5	-	-

(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.

- Derek H. Williams 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 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 58 million yen

(ii) Total amount of fee for which the company must pay 58 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.

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 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 84 yen per share.

## Balance Sheet

As of May 31, 2013

(Unit : Million yen)

Items	Amount	Items	Amount
(Assets)		(Liabilities)	
I Current assets		I Current liabilities	
1. Cash and deposits	29,463	1. Accounts payable-trade	10,359
2. Accounts receivable-trade	19,522	2. Accounts payable-other	3,722
3. Merchandise	0	3. Income taxes payable	9,061
4. Prepaid expenses	182	4. Accrued consumption taxes	1,070
5. Deferred tax assets	2,747	5. Advances received	32,474
6. Short-term loans receivable	42,200	6. Deposits received	150
7. Accounts receivable-other	101	7. Provision for bonuses	1,754
8. Other	52	8. Provision for directors' bonuses	21
9. Allowance for doubtful accounts	-2	9. Provision for product warranties	305
Total current assets	94,267	10. Other	326
		Total current liabilities	59,246
		II Noncurrent liabilities	
		Other	91
		Total noncurrent liabilities	91
		Total liabilities	59,337
II Noncurrent assets			
1. Property, plant and equipment		(Net assets)	
(1) Buildings	13,314	I Shareholders' equity	
(2) Tools, furniture and fixtures	1,216	1. Capital stock	22,304
(3) Land	26,057	2. Capital surplus	
Total property, plant and equipment	40,587	Legal capital surplus	5,654
2. Intangible assets		Total capital surplus	5,654
(1) Software	19	3. Retained earnings	
(2) Other	0	Other retained earnings	
Total intangible assets	19	Retained earnings brought forward	48,558
3. Investments and other assets		Total retained earnings	48,558
(1) Investment securities	138	4. Treasury stock	-25
(2) Deferred tax assets	445	Total shareholders' equity	76,491
(3) Guarantee deposits	1,339	II Valuation and translation adjustments	
(4) Bankruptcy and reorganization claim	0	Valuation difference on available-for-	-10
(5) Other	16	Total valuation and translation adjustments	-10
(6) Allowance for doubtful accounts	-4	III Subscription rights to shares	992
Total investments and other assets	1,935	Total net assets	77,473
Total noncurrent assets	42,543	Total liabilities and net assets	136,810
Total assets	136,810		

# Statement of Income

(From June 1, 2012 to May 31, 2013)

(Unit : Million yen)

	Amount
Net sales	153,148
Cost of sales	78,054
Gross profit	75,093
Selling, general and administrative expenses	32,420
Operating income	42,673
Non-operating income	240
Non-operating expenses	11
Ordinary income	42,902
Extraordinary income	
Gain on reversal of subscription rights to shares	90
Total extraordinary income	90
Extraordinary loss	
Business structure improvement expenses	207
Total extraordinary loss	207
Income before income taxes	42,785
Income taxes-current	17,172
Income taxes-deferred	-881
Net income	26,494

## Statement of changes in shareholders' equity

Current Term (From June 1, 2012 to May 31, 2013)

(Unit : Million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Total Capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at the beginning of current period	22,301	5,652	5,652	31,595	31,595	-23	59,526
Changes of items during the period							
Issuance of new shares-exercise of subscription rights to shares	2	2	2				5
Dividends from surplus				-9,531	-9,531		-9,531
Net income				26,494	26,494		26,494
Purchase of treasury stock						-2	-2
Net changes of items other than shareholders' equity							
Total changes of items during the period	2	2	2	16,962	16,962	-2	16,965
Balances at end of current period	22,304	5,654	5,654	48,558	48,558	-25	76,491

	Valuation and translation adjustments	Subscription rights to shares	Net assets
	Valuation difference on available-for-sale securities		
Balance at the beginning of current period	-22	934	60,438
Changes of items during the period			
Issuance of new shares-exercise of subscription rights to shares			5
Dividends from surplus			-9,531
Net income			26,494
Purchase of treasury stock			-2
Net changes of items other than shareholders' equity	11	57	69
Total changes of items during the period	11	57	17,034
Balances at end of current period	-10	992	77,473

## 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 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) 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

## Notes to the balance sheet

Accumulated depreciation of tangible fixed assets 7,279 million yen

## Notes to the statement of income

Transactions with affiliated companies

Operating transactions

Sales 569 million yen

Purchase amount 165 million yen

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

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

	2012/5/31 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	2013/5/31 (thousand shares)
Issued shares				
Common stock	127,097	1	—	127,098
Treasury stocks				
Common stock	5	0	—	5

(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)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Board of director held on July 20, 2012	Common stock	9,531	Retained earnings	75	May 31, 2012	August 9, 2012

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

The board meeting on July 19, 2013.

Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Common stock	10,675	Retained earnings	84	May 31, 2013	August 8, 2013

### 3. Share warrants

Date that rights were granted	Type of stock	Number of remaining shares to be issued
October 1, 2003	Common stock	138,800 shares
October 1, 2004	Common stock	133,200 shares
October 1, 2005	Common stock	160,900 shares
December 25, 2006	Common stock	137,500 shares
October 15, 2007	Common stock	163,700 shares
June 30, 2008	Common stock	34,000 shares
October 15, 2008	Common stock	201,500 shares
January 15, 2009	Common stock	5,000 shares
October 15, 2009	Common stock	119,000 shares
July 15,2010	Common stock	5,000 shares
October 15,2010	Common stock	131,700 shares
Total		1,230,300 shares

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

**Notes to tax-effect accounting**

Breakdown of major causes of deferred tax assets

As of May 31, 2013

(Unit: Million yen)

(Current)	
Deferred tax assets	
Accounts payable-other	549
Accrued business tax	732
Advances received	510
Provision for bonuses	641
Others	313
Total deferred tax assets	2,747
(Fixed)	
Deferred tax assets	281
Depreciation in excess	21
Investment securities	6
Valuation difference on available-for-sale securities	136
Others	
Total deferred tax assets	445

## **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 a floating element, 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, 2013, 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	29,463	29,463	—
(2) Accounts receivable-trade and accounts receivable-other	19,623		
Allowance for doubtful accounts (*)	-2		
Net	19,620	19,620	—
(3) Short-term loans receivable	42,200	42,200	—
(4) Investment securities	82	82	—
Total assets	91,366	91,366	—
(1) Accounts payable-trade	10,359	10,359	—
(2) Accounts payable-other	3,722	3,722	—
(3) Income taxes payable	9,061	9,061	—
Total liabilities	23,143	23,143	—

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

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

### Assets

(1) Cash and deposits (2) Accounts receivable-trade and accounts receivable-other (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.

(4) 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	56 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 (4) Investment securities.

## 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	42,200	Short-term loan receivable	42,200
				Settlement of funds for transactions among Oracle Group companies (Note) 2	28,345	Accounts payable	6,407
					15,809	Accounts payable-other	1,456
	Oracle International Corporation	—	Conclusion of sales agency agreements	Payment of royalties (Note) 3	35,740	Accounts payable	3,952

(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 32 million yen has been booked in this fiscal year.
- 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 (11,474 million yen in FY13) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products and services (15,649 million yen in FY13) 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.

### Per share data

1. Net assets per share 601.77yen
2. Net income per share for the current term 208.47yen

### Notes to important subsequent events

Not Applicable

## The Accounting Auditor's Report

### Independent Auditor's Report

July 18, 2013

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 28 term commencing on June 1, 2012, and ending on May 31, 2013, 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, 2012 to May 31, 2013. 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 19, 2013

Audit Committee of Oracle Corporation Japan

Audit Committee Member	Derek H. Williams	Seal
Audit Committee Member	John L. Hall	Seal
Audit Committee Member	Eric R. Ball	Seal
Audit Committee Member	Gregory R. Davies	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 (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	-
	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)	
(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	
	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. 2011    Director, Executive Deputy President 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	
	Jun 2010    Executive Vice President, Oracle Corporation (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) 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) Satoshi Ogishi (March 18, 1957)	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 Oracle Corporation Japan (Current Position)	
	Jun. 2012	External Auditor of Nomura Real Estate Holdings, Inc. (Current Position) External Auditor of Nomura Real Estate Development Co., Ltd. (Current Position)	
(8) Shuhei Murayama (October 22, 1949)	Apr. 1972	Joined Tohmatsu & Awoki (Currently, Deloitte Touche Tohmatsu LLC)	-
	May. 1976	CPA Registration	
	Aug. 1978	Los Angeles Office	
	Jul. 1986	Partner, Tohmatsu & Awoki (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 Oracle Corporation Japan (Current 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 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) 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.

2. Candidates for outside directors

- (1) Messrs. Derek H. Williams, John L. Hall, Eric R. Ball, Gregory R. Davies, Satoshi Ogishi and Shuhei Murayama 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.

Mr. Satoshi Ogishi is a qualified lawyer, 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)

Derek H. Williams	Outside Director	12 years
John L. Hall	Outside Director	10 years
Eric R. Ball	Outside Director	7 years
Gregory R. Davies	Outside Director	6 years
Satoshi Ogishi	Outside Director	2 year
Shuhei Murayama	Outside Director	2 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.

3. 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 current 8 directors have 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.

The nomination committee also decided that Mr. Satoshi Ogishi and Mr. Shuhei Murayama have experience and insight in corporate legal affairs and corporate accounting through their extensive experience as a lawyer and as a certified public accountant, respectively, and that they will be able to perform their duties as outside directors by providing oversight and giving advice on the Company's management as appropriate.

**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.