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Sec. Code 4716

August 5, 2016

To Our Shareholders

Hiroshige Sugihara
Representative Corporate Executive Officer
Oracle Corporation Japan
Kita-Aoyama 2-5-8, Minato-ku, Tokyo

NOTICE OF THE 31st ANNUAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 31st 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.

- Date:** Wednesday, August 24, 2016, at 10:00 a.m.
- Place:** Main Ballroom “Aoi”, 2nd Floor, PALACE HOTEL TOKYO
1-1-1 Marunouchi, Chiyoda-ku, Tokyo, Japan 100-0005
Note: Please kindly refer to the last page for details.

3. Meeting Objectives:

Reporting:

Presentation of the Business Report, Balance Sheet and Statement of Income for the 31st Business Period (from June 1, 2015 to May 31, 2016)

Agenda:

- | | |
|-------------------|--|
| Proposal 1 | Partial amendment of the Articles of Incorporation |
| Proposal 2 | Election of 9 Directors |
| Proposal 3 | 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 Tuesday, August 23, 2016.

[Vote on the proposals via the Internet]

Please vote on the proposals from the e-vote website (<http://www.evotepj.com/>) by 5:00 p.m. on Tuesday, August 23, 2016. 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/K31>

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

Period: August 4, 2016 to August 31 2016

© 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 TLS 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 (Tuesday, August 23, 2016). 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.

Proposal 1: Partial Amendment of the Articles of Incorporation

We propose that the current Articles of Incorporation be partially amended as follows:

1. Reasons for the proposal

In order to clarify that the provision of cloud services is included in the “Objectives of the company”, the partial amendment to the Company’s Articles of Incorporation will be carried out (proposed revision article 2).

2. The details of the amendments are as follows.

(The changed portions are underlined.)

Current Articles of Incorporation	Proposed revisions
<p>(Object)</p> <p>Article 2</p> <p>The <u>object</u> of the Company shall be <u>to carry on the</u> following businesses:</p> <ol style="list-style-type: none"> 1. <u>To engage in Research & Development, licensing for use, grant of license, import and export, sale and lease, with respect to computer softwares,</u> 2. (Omitted) 3. To manufacture, import and export, sell and lease computer hardwares, 4. To provide technical assistance in respect of computer softwares <u>or</u> hardwares, 5. To <u>give</u> education, technical guidance and training <u>regarding computer softwares or hardwares, and to sell or to provide self teaching materials,</u> 6.-11. (Omitted) 	<p>(<u>Objectives of the company</u>)</p> <p>Article 2</p> <p><u>Objectives</u> of the Company shall be the following businesses:</p> <ol style="list-style-type: none"> 1. <u>To research, develop, license, import and export, sell, and lease computer software and offer cloud services providing software through computer network,</u> 2. (Omitted) 3. To manufacture, import and export, sell, and lease computer hardware <u>and offer cloud services providing hardware through computer network,</u> 4. To provide technical assistance in respect of computer software and hardware <u>and cloud services therefore through computer network,</u> 5. To <u>provide</u> education, technical guidance and training <u>and sell and provide self-teaching materials with respect to computer software and hardware and cloud services therefore thorough computer network,</u> 6.-11. (Omitted)

Proposal 2: Election of 9 Directors

The term of office of all directors (7) expires at the close of this Annual Meeting of Shareholders. In accordance with the re decision of the Nomination Committee, it is proposed to elect 9 directors (4 of outside directors), including 3 new candidates (2 of outside directors).

1. The candidates for directors are listed below.

(Candidate number) Name (Date of birth)	Profile, position and assignment in our company (Representative position for other company)	Number of Oracle Corporation Japan shares owned
(1) Hiroshige Sugihara (Dec. 2, 1960)	Apr. 1982 FORVAL CORPORATION	2,000
	Jun. 1989 Director, General Manager of FORVAL AMERICA.INC	
	Jun. 1993 Vice President, Asia Pacific Region of Inter-Tel, Inc. Representative Director, President and Chief Executive Officer of Inter-Tel Japan, K.K.	
	May. 2001 Director, Telecom Media Entertainment Sales Division of EMC Japan K.K.	
	May. 2009 Operations Director, Commercial Operations of Cisco Systems G.K.	
	Mar. 2010 Vice President & General Manager, Enterprise Servers, Storage & Networking of Hewlett-Packard Japan, Ltd.	
	Oct. 2013 Senior Vice President, the Chief of Staff, International of Oracle Corporation	
	Apr. 2014 Representative Executive Officer President and Chief Executive Officer of Oracle Corporation Japan Senior Vice President of Oracle Corporation (Current position)	
	Aug. 2014 Director, Representative Executive Officer President and Chief Executive Officer 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
(2) Shigeru Nosaka (Sep. 12, 1953)	Apr. 1976 Joined Marubeni Corporation	6,400 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 Affairs, Director of Finance	
	Aug. 2008 Director, Senior Corporate Executive Officer Chief Financial Officer, Finance, Facility, IT, Internal Audit	
	Jun. 2009 Director, Senior Corporate Executive Officer Chief Financial Officer, Administration	
	Jun. 2011 Director, Executive Officer Deputy President, Chief Financial Officer (Current position)	
	Jun. 2015 Outside Director, YAMAHA 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
(3) Derek H. Williams (Dec. 30, 1944)	Oct. 1988 Regional Director of Oracle Corporation U.K.	-
	Jun. 1991 Vice President, Asia Pacific Division of Oracle Corporation	
	Jul. 1993 Senior Vice President, Asia Pacific Division	
	Oct. 2000 Executive Vice President, Asia Pacific Division	
	Aug. 2001 Director, Oracle Corporation Japan	
	Jun. 2006 Chairman and Executive Vice President, Oracle Corporation, Asia Pacific & Japan	
	Jun. 2008 Executive Vice President, Oracle Corporation (Current position)	
	Aug. 2013 Director, Executive Officer President and Chief Executive Officer, Oracle Corporation Japan	
	Apr. 2014 Director, Oracle Corporation Japan (Current position)	
(4) Samantha Wellington (Feb. 22, 1978)	Jun. 2002 Joined FOXTEL Management Pty Limited (AU)	-
	Dec. 2002 Admitted to the bar in New South Wales, Australia	
	Apr. 2004 Joined the Australian Communications and Media Authority, a statutory authority	
	Nov. 2004 Joined Oracle Corporation Australia Pty Limited	
	Jan. 2009 Joined Oracle America, Inc	
	Jan. 2012 Admitted to the bar in California, USA	
	Aug. 2012 Managing Counsel, Oracle America, Inc. (Current Position)	
	Apr. 2013 Director of Oracle Financial Services Software Limited (Current Position)	
	Aug. 2014 Director of Oracle Corporation Japan (Current Position)	
(5) 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	
	Aug. 2003 Director of Oracle Corporation Japan (Current position)	
	Jun. 2015 Retired from Oracle Corporation	

(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) Satoshi Ogishi (Mar. 18, 1957)	Dec. 1981 Admitted (Daiichi Tokyo Bar Association)	100
	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 Outside Auditor of Nomura Real Estate Holdings, Inc. Outside Auditor of Nomura Real Estate Development Co., Ltd.	
	Jun. 2015 Outside Director of Nomura Real Estate Holdings, Inc. (Current Position)	
	Mar. 2016 Auditor of Genshoei North Japan Marine Industry Corporation (Current Position)	

2. The candidates for new 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
(7) Edward Paterson (Oct. 7, 1963)	Jun. 1988 Joined Federal Reserve Bank of St. Louis	-
	May. 1994 Joined Anheuser-Busch Companies (Currently, Anheuser-Busch InBev)	
	Apr. 1999 Director, Anheuser-Busch Japan (An Anheuser-Busch and Kirin Holdings Company Joint Venture)	
	Jun. 2000 Vice President Foreign Exchange and Interest Rate Derivatives, U.S. Bancorp	
	Nov. 2001 Director of Treasury, Oracle Corporation	
	Jul. 2005 Senior Director of Treasury, Oracle Corporation	
	Jun. 2008 Joined International Game Technology	
	Sep. 2009 Senior Director of Treasury, Oracle Corporation	
	Mar. 2010 Assistant Treasurer, Oracle Corporation	
	Sep. 2012 Vice President and Assistant Treasurer, Oracle Corporation (Current Position)	
(8) Hitoshi Matsufuji (Mar.3, 1952)	Nov. 1975 Joined Deloitte Haskins & Sells (DH&S), Tokyo	-
	Apr. 1982 Registered as a Certified Public Accountant of Japan	
	Jun. 1984 Manager of DH&S, Singapore	
	Feb. 1987 Manager of DH&S New York	
	Aug. 1990 Partner, Tohmatsu & Co.	
	Jun. 1997 Senior Partner, Tohmatsu & Co.	
	Aug. 2006 Leader, Forensic & Dispute Service of Deloitte Tohmatsu FAS Co., Ltd. (Currently, DTFA)	
	Oct. 2014 President, CPA Hitoshi Matsufuji Office (Current Position)	
	Mar. 2016 Supervisory Director, D&F Logistics Investment Company	
	Jun. 2016 Outside Auditor, Nihon Tokushu Toryo Co., Ltd. (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	
(9) Takeshi Natsuno (Mar. 17, 1965)	Apr. 1988	Joined TOKYO GAS Co.,Ltd	
	Jun. 1996	Director, Director, Executive Officer Deputy President of Hyper Net	
	Sep. 1997	Joined NTT DOCOMO, INC.	
	Jun. 2000	Director, Representative Executive Officer of D2C Inc.	
	Oct. 2000	Director of i-Convenience,Inc.	
	Jul. 2001	i-mode Planning Director of NTT DOCOMO	
	Jan. 2004	Director of FeliCa Networks, Inc.	
	Jun. 2005	Operating Officer, Mulch Media Service Director of NTT DOCOMO	
	Jul. 2005	Director of Sumitomo Mitsui Card Company, Limited	
	Oct. 2005	Suica L.L.P.	
	Nov. 2005	Director of Tower Records Japan Inc.	
	Dec. 2005	Director of Rakuten Auction, Inc.	
	Apr. 2006	Chief Executive Officer of D.N.dreampartners L.L.P	
	Jun. 2007	Director of docomo.com Director of D2C Inc.	
	Jul. 2007	Director of The JV Director of CXD NEXT CO., LTD.	
	May. 2008	Professor of Graduate School of Media and Governance, Keio University (Current Position)	
	Jun. 2008	Outside Director of SEGA SAMMY HOLDINGS INC. (Current Position) Director of PIA Corporation (Current Position) Outside Director of transcosmos inc. (Current Position) Outside Director of SBI Holdings, Inc. Director of NTT Resonant Incorporated (Current Position)	
	Dec. 2008	Director of DWANGO Co., Ltd. (Current Position)	
	Jun. 2009	Outside Director of DLE Inc. (Current Position)	
	Sep. 2009	Outside Director of Gree, Inc. (Current Position)	
	Jan. 2010	Outside Director of BitWallet, Inc. (Currently Rakuten Edy, Inc.	
	Dec. 2010	Outside Director of U-NEXT Co., Ltd. (Current Position)	
	Oct. 2014	Director of KADOKAWA DWANGO CORPORATION (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. Edward Paterson is Vice President and Assistant 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) Ms. Samantha Wellington is Managing counsel of Oracle America, Inc and Director of Oracle Financial Services Software Limited. Oracle America, Inc. and Oracle Financial Services Software Limited belong to the corporate group centered on Oracle Corporation. Oracle America and Oracle Financial Services Software Limited are special related entities to the Company.

2. Candidates for outside directors

- (1) Messrs. John L. Hall, Satoshi Ogishi, Hitoshi Matsufuji and Takeshi Natsuno are candidates for outside directors.

(2) Reason

The reasons Mr. John L. Hall is Outside Director’s candidate is that he makes helpful statements about the Company’s management from their expert perspective as specialize in our products and services. Mr. Satoshi Ogishi is qualified lawyer, and Mr. Hitoshi Matsufuji 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.

Mr. Takeshi Natsuno has wide range of insight and experience in management of many kinds of companies with variable industries.

Director John L. Hall, Satoshi Ogishi, Hitoshi Matsufuji and Takeshi Natsuno are outside directors in accordance with Article 2, Section 15 and Article 400, section 3 of the Corporate Law.

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

John L. Hall	Outside Director	13 years
Satoshi Ogishi	Outside Director	5 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 “Notes of (1) Directors and Corporate Executive Officers 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. The Company will conclude the same agreements with Mr. Hitoshi Matsufuji and Takeshi Natsuno if they are appointed.

3. Notifications of Directors, Satoshi Ogishi, Hitoshi Matsufuji and Takeshi Natsuno satisfy the requirements of Independent Director stipulated in Rule of the Securities Listing Regulations of the Tokyo Stock Exchange. If they are appointed, the Company will apply them to Tokyo Stock Exchange as Independent Director.

Reason for selecting the candidates:

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

Proposal 3: 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. If the proposal 2 “Election of 9 Directors” is approved, the numbers of the Board members are nine and the current number is seven.

Additionally, the Company resolved to introduce the BIP Trust as a new incentive plan for directors and executive officers, and to introduce the ESOP Trust as a new one for its employees. The granted persons are able to choose the share warrants allotted as stock option or ESOP / BIP.

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 450,000 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.

$$\begin{array}{rcccl} \text{Number of shares after} & & \text{Number of shares before} & & \text{Ratio of stock split or} \\ \text{adjustment} & = & \text{adjustment} & \times & \text{reverse stock split} \end{array}$$

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.

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

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

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

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

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

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

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

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

(3) Exercise period of the share warrants

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

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

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

② The increase in capital reserve when shares are issued with the exercise of the share warrants shall be the amount obtained by subtracting the increase in capital stock described in ① above from amount of the limit of increase of capital stock in above ①

(5) Restriction on the assignment of share warrants

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

3. Number of share warrants

Up to 4,500 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.

Business Report

(From June 1, 2015 to May 31, 2016)

1. OVERVIEW OF THE COMPANY

(1) Progress and Results of Business

During the fiscal year under review, which began on June 1, 2015 and ended on May 31, 2016 (hereinafter “this year”), parts of the Japanese economy weakened against the backdrop of a slowdown in overseas economies and changes in financial markets, including exchange rates and interest rates, but the economy overall saw firm consumer spending on the back of an improvement in the employment and income situation and a continued moderate improvement in corporate earnings. The willingness of businesses to make IT investments is recovering mainly in the financial, distribution services and manufacturing industries.

In regards to technology and society, a shift from conventional business models to future-oriented models is urgently needed to deal with issues such as massive change caused by the spread of digital technology, the decline in the working population due to the aging of the society and falling birth rates, and the ongoing progress of globalization. Current issues include improvement of productivity with the use of cloud services and other information technologies and business entries into growth areas.

In this environment, the Company ran its businesses in accordance with its management policies throughout the 30th anniversary. These policies consist of expanding SaaS / PaaS / IaaS (Note1-3) business, expanding Hardware Systems segment, strengthening enterprise sales activities, restructuring and strengthening our branch offices for growth of regional business. The ultimate goal of these strategies is to become the number one cloud company by 2020, as stated in VISION 2020 for expand utilization of PoCO: The Power Of Cloud by Oracle.

The Company won a number of large projects in the public, financial, distribution, and manufacturing sectors especially in the third quarter (three months), which enabled it to record strong results. In the fourth quarter (three months), the number of users expanded in cloud services (SaaS/PaaS/IaaS) and priority fields, and growth in the use of services accelerated, which made a significant contribution to growth in revenue.

Under these circumstances, the Company attained its initial forecasts and posted revenue of 170,203 million yen (up 5.7 % year on year), operating income of 50,225 million yen (increasing 6.7 %), ordinary income of 50,273 million yen (rising 6.3 %) and net income of 33,568 million yen (up 11.0 %) for this year. Each of these figures hit new record highs.

(Note 1) SaaS: Stands for “Software as a Service,” and refers to services that offer financial accounting, salary/personnel management, and other functions of software that are provided via the Internet.

(Note 2) PaaS: Stands for “Platform as a Service,” and refers to services that offer database management software for the construction and operation of the IT systems and middle layer software that ensure the smooth linkage between different software that are provided via the Internet.

(Note 3) IaaS: Stands for “Infrastructure as a Service,” and refers to services that offer infrastructure that are provided via the Internet for the construction and operation of IT systems, such as server machines, storage devices, and other hardware and networks..

The results of each business segment are as follows:

[New software licenses and cloud (SaaS/PaaS/IaaS) *]

* Cloud software subscriptions has been renamed as Cloud (SaaS/PaaS/IaaS). In association with a change in the Company's business management classification, managed cloud service, which was included in the Services segment, has been transferred to the New software licenses and Cloud (SaaS/PaaS/IaaS) segment.

Revenue in the New software licenses and cloud (SaaS/PaaS/IaaS) segment was 51,929 million yen, up 6.3 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 47,334 million yen (increasing 3.9 % year on year), and revenue in the Cloud (SaaS/PaaS/IaaS) was 4,594 million yen (rising 39.3 % year on year).

This segment consists of the New software licenses that sells new licenses for database management software, a range of middleware, and ERP and other business applications, etc. and Cloud (SaaS/PaaS/IaaS) provides access to select Oracle software applications and software platforms on a subscription basis via the Internet.

In regards to new software licenses and Cloud (SaaS / PaaS / IaaS) for the third quarter lasting three months, we gained several large projects aimed at integrating and updating IT system infrastructure and at boosting competitiveness by actively using data in public, financial, distribution, manufacturing, and other sectors to attain incredibly brisk results.

In Cloud (SaaS, PaaS, and IaaS), since the previous fiscal year, the Company has been promoting the strengthening of the sales system, the expansion of cloud products and services, and alliances with partners. As a result, the number of new users gained expanded sharply, and the use of services for which the Company had concluded contracts grew steadily. Revenue in the fourth quarter (three months) increased significantly, up 89.3% year on year.

In July 2015, the Company added six new services to the "Oracle Cloud Platform", including "Oracle Database Cloud – Exadata Service", which provides Oracle Exadata (which has been an on-premises products), in the cloud environment, and "Oracle Big Data Cloud Service", which supports the use of big data. The new services have started to be provided.

In shifting from companies' own IT systems to cloud services, security and regulatory compliance are challenges for many customers. In April 2016, the Company launched "Oracle Cloud Machine", which will help overcome the challenges, enabling users to use Oracle cloud services safely within their own data centers. These cloud services can be introduced sooner than on-premises base. They are built using standard technologies that have been developed for on-premises products, and can collaborate with IT systems that customers have invested in and can be put in place in the cloud environment smoothly.

On the channels front, the Company organized the POCO Contest to help customers nationwide use Oracle cloud services comfortably by providing technological and business support for partner companies and promoted the development of partners' solutions using "Oracle Cloud Platform". In February 2016, the Company released "Oracle PartnerNetwork (OPN) Cloud Program", a cloud partner certification program.

The Company will continue to expand its cloud solutions and will strengthen its systems to supply products that customers can use comfortably and to provide customer support. The Company will thereby expand the number of users.

[Software license updates & product support]

Revenue in the Software license updates & product support segment was 78,170 million yen, increasing 6.5 % 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 its collaboration with partners. As a result, both the new support contract attach rate and the support contract of on-time renewal rate increased.

[Hardware Systems]

Revenue in the Hardware systems segment was 22,247 million yen, rising 2.1 % from the corresponding period of the previous fiscal year. Revenue in the Hardware systems product division was 11,930 million yen (up 3.1 % year on year) and Revenue in the Hardware systems support division was 10,317 million yen (growing 1.0 % year on year).

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

The Company is promoting a converged infrastructure strategy. Unconventionally from some vertically integrated systems, developing and integrating processors, the core of hardware, software, and cloud infrastructure using industry standard technologies facilitates two-way shifts and collaborations in hardware between existing IT systems and cloud environments. Amid the accelerated transition to the era of cloud computing and big data, data security, processing performance, and data storage is of ever-increasing significance. The Company pushed ahead with composite proposals with storage products in a bid to strengthen the business.

As a result, the Hardware systems product division received a number of orders for large-scale infrastructure reconstruction projects centered on engineered systems, our strategic products, in the third quarter (three months). In the full year, orders rose 3.1% year on year.

[Services]

Revenue in the Services segment was 17,856 million yen, increasing 4.9 % from the corresponding period of the previous fiscal year.

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

In Consulting Services, certain projects made significant progress. Meanwhile, the preventive maintenance service, which is provided as part of the Advanced Customer Support Services, continued to generate brisk revenue for Oracle Exadata Database Machine.

With respect to education services, there is growing demand for services related to the Internet of Things (IoT) and training that covers the cutting edge Java technology needed to build applications in the cloud environment.

<Revenue breakdown by business segments>

Item	FY2015		FY2016		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
New software licenses	45,544	28.3	47,334	27.8	3.9
Cloud (SaaS/PaaS/IaaS)	3,298	2.0	4,594	2.7	39.3
New software licenses & Cloud (SaaS/PaaS/IaaS)	48,843	30.3	51,929	30.5	6.3
Software license updates & product support	73,401	45.6	78,170	45.9	6.5
Software & Cloud	122,244	75.9	130,099	76.4	6.4
Hardware systems products	11,570	7.2	11,930	7.0	3.1
Hardware systems support	10,219	6.3	10,317	6.1	1.0
Hardware systems	21,790	13.5	22,247	13.1	2.1
Services	17,016	10.6	17,856	10.5	4.9
Total	161,051	100.0	170,203	100.0	5.7

*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 699 million yen which includes purchase of personal computers, computer servers and peripheral equipment and payment for guarantee deposit.

(3) Issues to address

① **Our basic business policies**

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

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

② **Targeted business indices**

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

③ **The Company's medium- and long-term management strategies and issues to be addressed** [VISION2020: A medium- and long-term vision until 2020]

The Company's vision is to become the number one cloud company and the most respected company by 2020. To realize this vision, we regard the next fiscal year (ending May 31, 2017) as the final year for laying the groundwork to build up the cloud business at an accelerated pace. We positioned the execution of the following four strategies as the most important management challenge.

1. Expanding SaaS, PaaS, and IaaS
 - (i) SaaS: Expansion of ERP Cloud business
 - (ii) PaaS: Expansion of Oracle Cloud Platform in the mission-critical systems area
 - (iii) Tapping small and medium-sized markets
 - (iv) Promoting cloud alliances by developing the Oracle PartnerNetwork (OPN) Cloud Program
2. Promoting enterprise sales
 - (i) Expanding enterprise accounts and strengthening ties with major customers
 - (ii) Helping corporate customers develop overseas operations
3. Expanding system business
 - (i) Promoting a converged infrastructure strategy
4. Contributing to growth in regional business
 - (i) Expanding human resources at branches
 - (ii) Getting the Oracle Cloud to permeate the market and revitalizing regional business

The Company is continuing to promote the process transformation for accelerating its new businesses with simply and speedy buying process in effectively using its original cloud solution, for implementation its Cloud services to the customers who are in the wide range of fields.

(4) Performance and Assets

Category	28th fiscal year ending May 2013	29th fiscal year ending May 2014	30th fiscal year ending May 2015 (Note)	31st fiscal year ending May 2016 (Note)
Revenue (M Yen)	153,148	154,972	161,051	170,203
Ordinary income (M Yen)	42,902	44,314	47,286	50,273
Net income (M Yen)	26,494	27,171	30,246	33,568
Earnings per share (Yen)	208.47	213.75	237.78	263.64
Total assets (M Yen)	136,810	154,002	188,847	223,402
Net assets (M Yen)	77,473	94,401	113,826	136,227
Net assets per share (Yen)	601.77	734.20	887.28	1,062.14

(Note) As the Company treats its own shares owned by the Board Incentive Plan (BIP) Trust for its directors and executive officers and the Employee Stock Ownership Plan (ESOP) Trust as treasury stock, the Company subtracts the number of shares of the treasury stock from the average number of shares during the period in the calculation of net income per share since the 30th fiscal year. In the calculation of net assets per share, the Company also subtracts the number of shares of the treasury stock from the number of outstanding shares at the fiscal year end.

(5) Parent company and consolidated subsidiaries

① Status of Parent Company

(a) Relationship with the parent company

Oracle Corporation Japan's parent company is Oracle Japan Holding, Inc. (California, U.S.A), which owns 74.7% of voting rights (94,967 thousand shares) of the company's stock. This company is a subsidiary of Oracle Corporation (California, U.S.A).

(b) Matters related to transactions with the parent company

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

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

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

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

Although the research and development of products are carried out mainly by Oracle Corporation, products suitable for the Japanese market are developed with the participation of the Company in the development of new products from an early stage based on its close cooperation with Oracle Corporation.

From the standpoint of securing independence from the parent company, the Company's Board of Directors makes the final decisions regarding the business development of the Company, and the directors make their decisions in such a manner that their decisions are in the best interests of the Company and all of its shareholders.

② Major consolidated subsidiaries

Not applicable.

(6) Major business

Oracle Corporation Japan sells software such as database, middleware, and applications, and hardware including servers, storage devices, and network devices, and Cloud services. Its products are used for building and operating IT environments. In addition the Company provides services to support the introduction and use of these products.

As of May 31, 2016

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

(7) Major Offices

As of May 31, 2016

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

(8) Employees

As of May 31, 2016

Number of employees	Difference from end of last fiscal year	Average age	Average service years of employment
2,500	+94	41.3	7.8

(Note) "Number of employees" includes employees on loan from the other companies (422 persons) and temporary employees (2 persons). The employees on loan from the other companies and temporary employees are excluded from the calculation of average age and average service years of employment.

2. SHARES

As of May 31, 2016

- (1) Number of shares authorized to issue 511,584,909 shares
 (2) Number of outstanding shares 127,511,971 shares (including 9,375 own shares)
 (3) Number of shareholders 24,588
 (4) Major shareholder

Name of shareholder	Number of shares held (1,000 shares)	Composition %
Oracle Japan Holding, Inc	94,967	74.5
The Master Trust Bank of Japan, Ltd.	1,481	1.2
Japan Trustee Services Bank, Ltd.	1,443	1.1
STATE STREET BANK AND TRUST COMPANY 505001	1,412	1.1
STATE STREET BANK WEST CLIENT - TREATY 505234	969	0.8
Ueda Yagi Tanshi Co., Ltd.	868	0.7
RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT	587	0.5
BNP Paribas Securities (Japan) Limited	542	0.4
Japan Trustee Services Bank, Ltd. (Account #7)	473	0.4
Trust & Custody Services Bank, Ltd.	471	0.4

Note: The composition is calculated without treasury stock (9,375 shares) from total shares issued.

The Company excluded the number of shares of the treasury stock which The Master Trust Bank of Japan, Ltd owns (ESOP trust: 28,320 shares, BIP trust 8,826 shares).

(5) Other important matters related to shares

The Company has introduced the BIP Trust, an incentive plan for its directors and executive officers, and the ESOP Trust, an incentive plan for its employees.

(i) BIP Trust for directors and officers

At the Compensation Committee meeting held on October 24, 2014, the Company resolved to introduce the Board Incentive Plan (BIP) Trust (hereinafter the “BIP Trust”) as a new incentive plan to change the compensation plan to one that will more strongly motivate the directors and executive officers of the Company to execute their duties.

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

The number of the Company’s shares owned by the BIS Trust as of the end of the fiscal year under review (May 31, 2016) is 8,826.

(ii) ESOP Trust

At the Board of Directors meeting held on October 24, 2014, the Company resolved to introduce the Employee Stock Ownership Plan (ESOP) Trust (hereinafter the “ESOP Trust”), an incentive plan for its employees, for the purpose of increasing the corporate value of the Company in the medium and long term.

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

The number of the Company’s shares owned by the ESOP Trust as of the end of the fiscal year under review (May 31, 2016) is 28,320.

3. SHARE WARRANTS

(1) Share warrants held by company directors

As of May 31, 2016

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) 2,3
October 15, 2008	80	Common stock 8,000 shares	1	4,787	From October 15, 2010 to September 30, 2018
September 28, 2011	24	Common stock 24,000 shares	1	2,698	From September 28, 2013 to September 13, 2021
September 28, 2012	50	Common stock 5,000 shares	1	4,025	From September 28, 2014 to September 12, 2022
September 30, 2013	100	Common stock 10,000 shares	1	3,942	From September 30, 2015 to September 13, 2023
April 15, 2014	323	Common stock 32,300 shares	1	4,395	From April 15, 2016 to September 13, 2023

② Share warrants held by outside directors

Date that rights were granted	Number of remaining share warrants to be issued (Note) 1	Type and number of remaining shares to be issued	Number of directors that rights were granted	Exercise value (Yen)	Period in which the rights can be exercised (Note) 2,3
September 28 2011	25	Common stock 2,500 shares	1	2,698	From September 28, 2013 to September 13, 2021
September 28 2012	50	Common stock 5,000 shares	2	4,025	From September 28, 2014 to September 12, 2022
September 30, 2013	37	Common stock 3,700 shares	2	3,942	From September 30, 2015 to September 13, 2023
September 30, 2015	25	Common stock 2,500 shares	1	5,200	From September 30, 2017 to September 13, 2025

- (Note)
- 100 common stock per share warrant
 - 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".
 - 85,000 shares out of 87,500 shares were disclaimed since some of employees selected the BIP trust in the fiscal year under review. The conversion ratio of the number of shares delivered in the BIP Trust to the number of shares granted by share warrants at the time of selecting the share warrant plan and the stock compensation plan is 4:1.

(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 the employees that rights were granted	Exercise value (Yen)	Period in which the rights can be exercised (Note) 2,3
July 31, 2015	28	Common stock 2,800 shares	1	5,335	From July 31, 2017 to September 16, 2024
September 30, 2015	504	Common stock 50,400 shares	47	5,200	From September 30, 2017 to September 16, 2025

- (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. 225,200 shares out of 278,400 shares were disclaimed since some of employees selected the ESOP trust in the fiscal year under review. The conversion ratio of the number of shares delivered in the ESOP Trust to the number of shares granted by share warrants at the time of selecting the share warrant plan and the ESOP Trust is 4:1.

4. DIRECTORS

(1) Directors and Corporate Executive Officers

As of May 31, 2016

Name	Position	Assignment or major contents of work
Hiroshige Sugihara	Director President Chief Executive Officer	Senior Vice President, Oracle Corporation
Shigeru Nosaka	Director Executive Deputy President Chief Financial Officer	Director, YAMAHA CORPORATION
Derek H. Williams	Director Nominating Committee Member Compensation Committee Member Audit Committee Member	Executive Vice President, Oracle Corporation Director, Oracle Financial Services Software Limited
Samantha Wellington	Director Audit Committee Member	Managing Counsel, Oracle America, Inc. Director, Oracle Financial Services Software Limited
John L. Hall	Director Chairperson of the Nominating Committee Chairperson of the Compensation Committee Chairperson of the Audit Committee	-
Satoshi Ogishi	Director Nomination Committee Member Compensation Committee Member Audit Committee Member	Partner, Nishimura & Asahi Director, Nozomi Servicing Co. Ltd. Director of Nomura Real Estate Holdings, Inc.
Shuhei Murayama	Director Nomination Committee Member Compensation Committee Member Audit Committee Member	President, Shuhei Murayama CPA Office Outside Auditor of Nippon Filcon Co., LTD.
Donald J. McCauley	Corporate Executive Officer Executive Deputy President	-
S. Kurishna Kumar	Corporate Executive Officer	Vice President Finance, Oracle Corporation Japan and GFIC
Tadahiro Kaneko	Corporate Executive Officer Chief Legal Officer	Chief Executive Officer, Oracle Information Systems (Japan) G.K.

- (Notes)
1. John L.Hall, 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. Director Satoshi Ogishi is assigned to serve as director of Nozomi Servicing Co.Ltd. and assigned to serve as director of Nomura Real Estate Holdings, Inc, and Murayama is assigned to serve as company outside auditor of Nippon Filcon Co., LTD. The Company has no business relationship with the concurrent companies.
 4. 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.

5. Personnel change of the position or assignment in this period

Name	Date	Position and assignment in our company (Representative position for other company)	Appointment or Resignation
Eric R. Ball	Aug. 21, 2015	Director Chairperson of the Compensation Committee Audit Committee Member Senior Vice President & Treasurer, Oracle Corporation Chairperson of Audit Committee of Glu Mobile Inc.	Retirement due to the expiration of terms of office
Donald J. McCauley	Aug. 21, 2015	Operating Officer Executive Deputy President Director of Operations and Worldwide Supply Chain Operations	Corporate Executive Officer Executive Deputy President & Chief Strategy Officer Director of Operations and Worldwide Supply Chain Operations
Toshimitsu Misawa	Aug. 21, 2015	Operating Officer Executive Deputy President Director of Cloud - Technology Business Unit	Corporate Executive Officer Executive Deputy President Director of Cloud - Technology Business Unit
	Nov. 1, 2016	Corporate Executive Officer Executive Deputy President Director of Cloud - Technology Business Unit	Corporate Executive Officer Executive Deputy President Director of Cloud - Technology Business Unit and Cloud - Technology Business Unit Cloud - Technology Product Strategy
	Mar. 18, 2016	Corporate Executive Officer Executive Deputy President Director of Cloud - Technology Business Unit and Cloud - Technology Business Unit Cloud - Technology Product Strategy	Resignation for personal reasons
Tadahiro Kaneko	Jan. 1, 2016	Operating Officer Chief Legal Officer Chief Executive Officer, Oracle Information Systems (Japan) G.K.	Corporate Executive Officer Chief Legal Officer Chief Executive Officer, Oracle Information Systems (Japan) G.K.

6. Hisayuki Ishizumi was assigned to serve as Corporate Executive Officer Executive Deputy President, Director of Cloud - Technology Business Unit as of Jun. 1, 2016.
7. 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.
8. The audit committee members are on a non-permanent basis in particular as they make sufficient efforts to maintain communications and coordination with the internal audit team members so as to perform their functions.

(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 three elements, a base salary, a performance-based bonus and Share incentive plan, and each element is determined in accordance with the following policy.

(a) Base salary

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

(b) Performance-based bonus

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

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

(c) Share incentive plan

Adding to stock option plan which are granted to Directors, the Company introduced the Board Incentive Plan (BIP) Trust (hereinafter the "BIP Trust") as a incentive plan to change the compensation plan to one that will more strongly motivate the directors and executive officers of the Company to execute their duties.

Amount of Payments of Directors and Executive Officers

Classification	Number of persons	Amount of payments (Million yen)
Directors (including Outside Directors)	5 (3)	203 (32)
Executive Officers	2	34
Total	7 (3)	237 (32)

- (Notes)
1. The above numbers include one Executive officer who retired during the fiscal year under review.
 2. The above table includes expenses on the granting of share warrants to five Directors (including three Outside Directors) totaling 16 million yen for Directors (of which, expenses on the granting of share warrants to Outside Directors: 2 million yen) and 2 million yen for two Executive officers. The company granted share warrants to one Outside Director totaling 25.
 3. The payment amount above includes the expenses of the BIP Trust for directors and executive officers, which is a stock compensation plan that posts expenses for multiple years, posted in the fiscal year under review according to the period corresponding to the compensation introduced in the fiscal year under review. The amount of expenses posted in the fiscal year under review is 41 million yen for four directors (of which 2 million yen is for outside directors) and 0 million yen for one Executive officer.
 4. The company has no retirement allowance plan for directors.
 5. The payment amount above includes a provision for four directors' bonuses (three of those directors are outside directors) for the fiscal year under review totaling 32 million yen (of which 5 million yen is for outside directors). A bonus of 14 million yen paid to one director and a bonus of 10 million yen paid to one executive officer in the fiscal year under review are also included.
 6. The Executive Officers of the Company concurrently serve as Directors of the Company haven't received payments as Executive Officers.

(3) Outside Directors

① Significant concurrent positions held and bearing on the Company

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

② Major activities during the year under review

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

(Attendant / held, “-” is outside charge)

Name	Board of Directors	Audit Committee	Nominating Committee	Compensation Committee
John L. Hall	12/12	6/6 (Chairperson)	1/1 (Chairperson)	4/4 (Chairperson)
Satoshi Ogishi	11/12	6/6	1/1	4/4
Shuhei Murayama	12/12	6/6	1/1	4/4

(Note) Director Shuhei Murayama is a specified corporate auditor in accordance with Article 132, Section 5, Item 4 (a) of the Enforcement Regulations of the Corporate Law.

(b) Activities and advices, etc.

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

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) 1. 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.
2. The Audit Committee has decided to agree on the amount of the payment to the independent auditor after conducting the necessary verifications as to whether the content of the audit plan, the execution of duties and the grounds for the calculation of the payment estimate for the independent auditor are appropriate.

(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) Ruling of suspension of business received by the Independent Auditor for the last two years

Overview of the content of the disciplinary action, etc. announced by the Financial Services Agency on December 22, 2015

- i) Subject of the action
Earnst & Young ShinNihon
- ii) Details of the action
 - Suspension of part of the business for three months (Suspension of business related to the conclusion of new contracts)
(January 1, 2016 to March 31, 2016)
 - Order for business improvement (improvement of the operation control structure)
- iii) Reasons for the action
 - The certified public accountants of the aforementioned audit corporation failed to exercise due care in their audit of the financial statements of other companies, and testified that financial statements which were materially false were statements that were not materially false.
 - The operation of the audit corporation was found to be grossly inappropriate.

6. COMPANY STRUCTURE AND POLICIES

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

At the Board meeting held on June 26, 2015, the Company resolved to revise the internal control system of the Company with enforcement of the Act for Partial Revision of the Companies Act (Act No. 90 of 2014; hereinafter) as of May 1, 2015.

The following is an overview for the change.

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

- 1) Hold meetings to assist execution by the Chief Executive Officer, as well as to discuss and decide matters pertaining to decisions of the board of directors.
- 2) Establish regulations on the clarification of responsibilities and authorities of Corporate Executive Officers and employees, thereby establishing the environment in which the Company's businesses can be efficiently executed within their responsibilities and authorities.

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

- 1) Establish a basic policy on compliance by applying the corporate code of ethics of the Oracle Group.
- 2) Establish a system through which any illegal misconduct by an employee will be reported by using the Oracle Group's internal reporting channel for compliance.
- 3) For purposes of building, maintaining, and improving the internal control system, each department in charge will establish and implement internal regulations, and conduct training on applicable laws and regulations as well as internal regulations, etc.
- 4) Appoint a person in charge of compliance, thereby establishing the compliance system at the Company.
- 5) Set up an audit department, which, in accordance with the regulations on internal audits, will audit the business process of each department, and discover or prevent any fraud, and correct the business process as required.

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

- 1) Establish a corporate code of ethics for the Oracle Group.
- 2) Establish a system through which any violation of laws and regulations can be reported by using the internal reporting channel for compliance. Establish a system through which any wrongful acts of Corporate Executive Officers and employee-status Operating Officers appointed by the Board of Directors can be reported to the Audit Committee, in addition to Company's Internal Reporting Channel for Compliance (Oracle HelpLine).
- 3) The Company will accept regular audits by the internal audit department of the parent, and will receive reports on the audit results.
- 4) The Company conducts internal audit on its subsidiaries and reports the result to the Board of Directors and the Audit Committee.

⑥ **The 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.

⑦ **The 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.

⑧ **The matters pertaining to securing the effectiveness of the instructions given by the Audit Committee to an employee**

An Assistant who assists in the affairs of the Administrative Office and Audit Committee Members shall follow the instructions of the Audit Committee.

⑨ **The 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.

⑩ **The system for securing that any person who has made a report set forth in the preceding item shall not be treated disadvantageously by reason of his/her making said report**

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

⑪ Procedures to prepay or reimburse the expenses with respect to the execution of the Audit Committee Members' duties and other matters concerning the policy pertaining to the disposition of the expenses or debt with respect to the execution of said duties

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

⑫ Other systems for securing effective audits by the Audit Committee

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

(2) The operation status of "The Systems to Ensure Properness of the Company's Businesses"

As for "The Systems to Ensure Properness of the Company's Businesses", we have been conducting continuous monitoring of the consolidation/operation status of our internal control system ever since its establishment, and reporting on the outcomes to the Board of Directors Meeting.

In addition, we have been making every possible effort for taking measures to address any detected issue as a result of said monitoring, to ensure to consolidate/operate the improved internal control system.

For the period from June 1, 2015 to May 31, 2016, we made a specific approach intended to further promote awareness of Oracle group's corporate ethics code among employees, aiming to make all employees fully conscious about compliance.

(3) Guideline about Distribution, etc. of Surpluses

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

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

For dividends for the fiscal year under review, we will pay an annual dividend of 525 yen (a normal dividend of 105 yen and a special dividend of 420 yen) per share.

Balance Sheet

As of May 31, 2016

(Unit: Million yen)

Items	Amount	Items	Amount
(Assets)		(Liabilities)	
I Current assets		I Current liabilities	
1. Cash and deposits	59,644	1. Accounts payable-trade	10,514
2. Accounts receivable-trade	19,674	2. Accounts payable-other	5,832
3. Prepaid expenses	64	3. Income taxes payable	9,195
4. Deferred tax assets	2,758	4. Advances received	56,527
5. Short-term loans receivable	100,000	5. Deposits received	197
6. Other	1,380	6. Provision for bonuses	2,001
7. Allowance for doubtful accounts	-2	7. Provision for directors' bonuses	32
Total current assets	183,519	8. Provision for product warranties	340
		9. Provision for stock benefits	105
		10. Other	2,419
		Total current liabilities	87,166
II Noncurrent assets		II Noncurrent liabilities	
1. Property, plant and equipment		Other	7
(1) Buildings	11,724	Total noncurrent liabilities	7
(2) Tools, furniture and fixtures	1,160	Total liabilities	87,174
(3) Land	26,057		
(4) Construction in progress	143	(Net assets)	
Total property, plant and equipment	39,085	I Shareholders' equity	
2. Intangible assets		1. Capital stock	23,209
Software	5	2. Capital surplus	
Total intangible assets	5	Legal capital surplus	6,560
3. Investments and other assets		Total capital surplus	6,560
(1) Investment securities	36	3. Retained earnings	
(2) Deferred tax assets	202	Other retained earnings	
(3) Guarantee deposits	381	Retained earnings brought forward	105,836
(4) Bankruptcy and reorganization claim	0	Total retained earnings	105,836
(5) Other	176	4. Treasury stock	-221
(6) Allowance for doubtful accounts	-4	Total shareholders' equity	135,386
Total investments and other assets	791	II Subscription rights to shares	841
Total noncurrent assets	39,883	Total net assets	136,227
Total assets	223,402	Total liabilities and net assets	223,402

Statement of Income

(From June 1, 2015 to May 31, 2016)

(Unit : Million yen)

	Amount
Net sales	170,203
Cost of sales	87,077
Gross profit	83,126
Selling, general and administrative expenses	32,900
Operating income	50,225
Non-operating income	86
Non-operating expenses	39
Ordinary income	50,273
Extraordinary income	
Gain on reversal of subscription rights to shares	40
Total extraordinary income	40
Income before income taxes	50,313
Income taxes-current	16,837
Income taxes-deferred	-93
Net income	33,568

Statement of changes in shareholders' equity

Current term end (From June 1, 2015 to May 31, 2016)

(Unit : Million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Total Capital surplus	Other retained earnings	Total retained earnings		
Balance at the beginning of current period	22,743	6,094	6,094	84,361	84,361	-295	112,903
Changes of items during the period							
Issuance of new shares-exercise of subscription rights to shares	466	466	466				932
Dividends from surplus				-12,093	-12,093		-12,093
Net income				33,568	33,568		33,568
Purchase of treasury stock						-6	-6
Sale of treasury stock						80	80
Net changes of items other than shareholders' equity							
Total changes of items during the period	466	466	466	21,475	21,475	74	22,482
Balances at end of current period	23,209	6,560	6,560	105,836	105,836	-221	135,386

	Subscription rights to shares	Net assets
Balance at the beginning of current period	922	113,826
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares		932
Dividends from surplus		-12,093
Net income		33,568
Purchase of treasury stock		-6
Sale of treasury stock		80
Net changes of items other than shareholders' equity	-81	-81
Total changes of items during the period	-81	22,401
Balances at end of current period	841	136,227

Notes to Non-consolidated Financial Statements

Notes to Significant Accounting Policies

1. Valuation standard and method applied to negotiable securities

Available-for-sale securities

Securities without fair market value: At cost method based on moving average method

Debt securities without fair market value: Amortized cost method

2. Depreciation method applied to fixed assets

(1) Tangible fixed assets

Buildings: At straight-line method

Appliances and equipment: At straight-line 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

(5) Provision for stock benefits

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

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 8,712 million yen

Notes to the statement of income

Transactions with affiliated companies

Operating transactions

Sales 580 million yen

Purchase amount 122 million yen

Notes to the Statement of changes in shareholders' equity

1. Type and number of issued shares and treasury stocks

	2015/5/31 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	2016/5/31 (thousand shares)
Issued shares				
Common stock	127,308	203	—	127,511
Treasury stocks				
Common stock	62	1	16	46

(Note) 1. Increase of 203 thousand outstanding shares was due to exercise of share warrants.

2. The decrease in the number of shares of treasury stock (16 thousand) was due to delivering the company's own stock to board of directors and employees through the Board Incentive Plan (BIP) Trust (4 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (12 thousand).

3. The balance of treasury stocks includes 37 thousand treasury stocks owned by the BIP trust (8 thousand) and ESOP trust (28 thousand).

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 17, 2015	Common stock	12,093	Retained earnings	95	May 31, 2015	August 5, 2015

(Note) Total amount of dividend includes the 5 million yen dividend for the Company's stock held by Board Incentive Plan Trust (1 million yen) and Employee Stock Ownership Plan Trust (3 million yen).

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

The board meeting on July 22, 2016

Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Common stock	66,938	Retained earnings	525	May 31, 2016	August 8, 2016

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

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

3. Share warrants

Date that rights were granted	Type of stock	Number of remaining shares to be issued
December 25, 2006	Common stock	102,500 shares
October 15, 2007	Common stock	121,700 shares
October 15, 2008	Common stock	108,100 shares
January 15, 2009	Common stock	400 shares
October 15, 2009	Common stock	95,500 shares
October 15, 2010	Common stock	116,400 shares
September 28, 2011	Common stock	89,000 shares
July 2, 2012	Common stock	2,500 shares
September 28, 2012	Common stock	74,300 shares
September 30, 2013	Common stock	77,500 shares
November 15, 2013	Common stock	2,500 shares
April 15, 2014	Common stock	14,800 shares
Total		805,200 shares

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

Notes to tax-effect accounting

1. Breakdown of major causes of deferred tax assets

As of May 31, 2016

(Unit: Million yen)

(Current)	
Deferred tax assets	
Accounts payable-other	550
Accrued business tax	577
Advances received	883
Provision for bonuses	561
Others	184
Total deferred tax assets	2,758
(Fixed)	
Deferred tax assets	
Depreciation in excess	137
Investment securities	18
Others	45
Total deferred tax assets	202

2. Revisions to the amounts of deferred tax assets and deferred tax liabilities due to the change of tax rates for corporate taxes

The Act for Partial Revision of the Income Tax Act (Law No. 15 of 2016) and the Act for Partial Revision of the Local Tax Act (Law No. 13 of 2016) were enacted in the Diet session on March 29, 2016. As a result of these acts, corporate tax rates have been reduced in the consolidated fiscal year beginning on or after April 1, 2016. In association with this change, the normal effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities was changed from 32.3% to 30.9% for temporary differences expected to be eliminated in the fiscal year starting June 1, 2016 and the fiscal year starting from June 1, 2017, and to 30.6% for temporary differences expected to be eliminated in the fiscal year starting June 1, 2018, or thereafter.

The impact of these changes will be minor.

Notes to Financial Instruments

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

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

In addition, we will not conduct derivative transactions.

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

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

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

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

(3) Supplementary information on fair values

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

2. Market value of financial instruments

Amounts recognized in the balance sheet, market values, and the differences between them on May 31, 2016 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	59,644	59,644	—
(2) Accounts receivable-trade	19,674		
Allowance for doubtful accounts (*)	-2		
Net	19,671	19,671	—
(3) Short-term loans receivable	100,000	100,000	
Total assets	179,316	179,316	—
(1) Accounts payable-trade	10,514	10,514	—
(2) Accounts payable-other	5,832	5,832	—
(3) Income taxes payable	9,195	9,195	—
Total liabilities	25,542	25,542	—

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

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

Assets

(1) Cash and deposits (2) Accounts receivable-trade (3) Short-term loans receivable

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

Liabilities

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

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

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

Item	Book value
Unlisted equity securities	36 Million yen

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

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	Payments of short-term loans receivable (Note) 1	100,000	Short-term loan receivable	100,000
				Settlement of funds for transactions among Oracle Group companies (Note) 2	31,823	Accounts payable	5,319
					19,335	Accounts payable-other	3,850
	Oracle International Corporation	—	Conclusion of sales agency agreements	Payment of royalties (Note) 3	40,572	Accounts payable	3,689

(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. Interest income 0 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 (12,344 million yen in FY16) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products and services (16,224 million yen in FY16) relating to the Hardware Systems segment. In addition, royalties and prices for products and services purchased are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards.
- 3: Royalties are set at certain ratios of sales of Oracle products, with the ratios agreed between Oracle Corporation and Group companies that handle Oracle products, including our Company, using reasonable standards.

2. Officers and major individual shareholders

Related party	Name	Business or occupation	Ownership ratio of voting rights	Description of transaction	Transaction amount (Million yen)	Item	Term-end balance (million yen)
Officer	Hiroshige Sugihara	Director	Direct: 0.00%	Exercise of stock options (Note) 2	11	—	—
Officer	Shigeru Nosaka	Director	Direct: 0.00%	Exercise of stock options (Note) 2	122	—	—
Officer	Shuhei Murayama	Director	Direct: 0.00%	Exercise of stock options (Note) 2	11	—	—
Officer	Toshimitsu Misawa (Note) 1	Executive Officer	Direct: 0.00%	Exercise of stock options (Note) 2	102	—	—

(Notes) 1. Mr. Toshimitsu Misawa stepped down as executive officer of the Company on March 18, 2016. The description above is for his term of office in the fiscal year under review.

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

Per share data

- | | |
|--|--------------|
| 1. Net assets per share | 1,062.14 yen |
| 2. Net income per share for the current term | 263.64 yen |

(Note) The Company's shares remaining in the BIP Trust and the ESOP Trust introduced in the fiscal year under review, which are recorded as treasury stock in shareholders' equity, are included in treasury stock that is subtracted in the calculation of the average number of shares during the period to calculate the amount of net income per share in the fiscal year under review (10,294 shares in the BIP Trust and 32,686 shares in the ESOP Trust).

The Company's shares owned by trust accounts are included in the treasury stock that is subtracted from the number of outstanding shares at the end of the fiscal year to calculate the amount of net assets per share (8,826 shares in the BIP Trust and 28,320 shares in the ESOP Trust).

Notes to important subsequent events

Not Applicable

The Accounting Auditor's Report

Independent Auditor's Report

July 21, 2016

Oracle Corporation Japan
The board of Directors

Ernst & Young Shin Nihon LLC
Engagement Limited Partner:
Mitsunobu Yamaguchi, 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 31 term commencing on June 1, 2015, and ending on May 31, 2016, 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 31st fiscal year from June 1, 2015 to May 31, 2016. 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 explanations as needed and expressed opinions, 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. With respect to the matters heeded specified in Article 118, Item 5, (a) of the Corporation Law Enforcement Regulations, and the determination on the matters specified in (b) of the said Item and the reason therefor, as stated in business report, the Audit Committee reviewed the content in light of the status of the Board of Directors Meeting's deliberation etc. 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 Ordinance on Company Accounting) under the "Quality Control Standards for Audit" (Business Accounting 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 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 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.
- (iv) With respect to the transactions that the interest conflicts with the parent company etc., as stated in business report, the Audit Committee has found no matters out of significance in association with the matters heeded not to harm the interest of the Company in conducting such transactions, and with the Board of Directors Meeting's determination whether or not such transactions harm the interest of the Company and the reason therefor.

(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 22, 2016

Audit Committee of Oracle Japan Corporation

Audit Committee of Oracle Corporation Japan

Audit Committee Member	John L. Hall	Seal
Audit Committee Member	Derek H. Williams	Seal
Audit Committee Member	Samantha Wellington	Seal
Audit Committee Member	Satoshi Ogishi	Seal
Audit Committee Member	Shuhei Murayama	Seal

(Note) Audit Committee Member John L. Hall, Satoshi Ogishi, and Shuhei Murayama are outside directors as stipulated in Article 2, Item 15 and Article 400, Item 3 of the Companies Act.