

ORACLE CORP  
Form 424B2  
June 30, 2009  
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Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-142796

**This preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these notes has been filed with the Securities and Exchange Commission and is effective. This prospectus is not an offer to sell these notes and it is not soliciting an offer to buy these notes in any state where the offer or sale is not permitted.**

**Subject to Completion, dated June 30, 2009**

**Preliminary Prospectus Supplement**

**(To Prospectus dated May 10, 2007)**

\$

## Oracle Corporation

\$ % Notes due 2014

\$ % Notes due 2019

\$ % Notes due 2039

Oracle Corporation is offering \$ aggregate principal amount of % notes due 2014 (the 2014 Notes ), \$ aggregate principal amount of % notes due 2019 (the 2019 Notes ) and \$ aggregate principal amount of % notes due 2039 (the 2039 Notes and, together with the 2014 Notes and the 2019 Notes, the Notes ).

The 2014 Notes will bear interest at the rate of % per year, the 2019 Notes will bear interest at the rate of % per year and the 2039 Notes will bear interest at the rate of % per year. Interest on the Notes will be payable semi-annually on and , commencing , 2010.

The 2014 Notes will mature on , 2014, the 2019 Notes will mature on , 2019 and the 2039 Notes will mature on , 2039.

We may redeem some or all of the Notes at any time, each at the make-whole premium price indicated under the heading Description of the Notes Optional Redemption beginning on page S-22 of this prospectus supplement.

The Notes will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness from time to time outstanding.

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Investing in the Notes involves risks. See Risk Factors beginning on page S-6 for a discussion of certain risks that should be considered in connection with an investment in the Notes.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public offering price <sup>(1)</sup>		Underwriting discount <sup>(2)</sup>		Proceeds, before expenses, to us
2014 Notes		%		%	
Total	\$		\$		\$
2019 Notes		%		%	
Total	\$		\$		\$
2039 Notes		%		%	
Total	\$		\$		\$
Total	\$		\$		\$

(1) Plus accrued interest, if any, from \_\_\_\_\_, 2009.

(2) Before reimbursement of expenses in connection with this offering, which the underwriters have agreed to make to Oracle Corporation. See Underwriting beginning on page S-31.

Interest on the Notes will accrue from \_\_\_\_\_, 2009. The Notes will be issued in book-entry form only, in denominations of \$2,000 and multiples of \$1,000 thereafter. The Notes will not be listed on any securities exchange. Currently there is no public market for the Notes.

The underwriters expect to deliver the Notes to purchasers through the book-entry delivery system of The Depository Trust Company and its participants, including Euroclear Bank S.A./N.C. and Clearstream Banking, S.A. on or about \_\_\_\_\_, 2009, which is the fifth business day following the date of this prospectus supplement. Purchasers of the Notes should note that trading of the Notes may be affected by this settlement date.

*Joint Book-Running Managers*

**Banc of America Securities LLC**  
\_\_\_\_\_, 2009

**Morgan Stanley**

**Wachovia Securities**

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer or sale of such securities is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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**CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and documents that are incorporated by reference in this prospectus supplement include forward-looking statements. Forward-looking statements may be preceded by, followed by or include the words believes, expects, anticipates, intends, plans, estimates, seeks or similar expressions. We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties, and assumptions about our business. Factors that might cause or contribute to such differences include those discussed in Risk Factors beginning on page S-6 of this prospectus supplement, in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009 (incorporated by reference herein), and as may be updated in filings we make from time to time with the U.S. Securities and Exchange Commission (the SEC). You should understand that the following important factors, in addition to those discussed in the incorporated documents, could affect our future results, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements:

The current recession and recent global economic crisis have led to a tightening in credit markets and increases in the rates of default, among other developments, that could negatively affect our business.

Economic, political and market conditions could adversely affect our revenue growth and profitability through reductions in IT budgets and expenditures.

We may fail to achieve our financial forecasts due to such factors as delays or size reductions in transactions, fewer large transactions in a particular quarter, unanticipated fluctuations in currency exchange rates, delays in delivery of new products or releases, or a decline in our renewal rates for software license updates and product support.

We cannot assure market acceptance of new products or new versions of existing products.

We have an active acquisition program, and our acquisitions may not be successful, may involve unanticipated costs or other integration issues, or may disrupt our existing operations.

We cannot assure you that the proposed transaction with Sun Microsystems, Inc., or Sun, will close, that the closing will not be delayed or that we will be able to successfully integrate Sun in a timely manner.

Periodic changes to our pricing model and sales organization could temporarily disrupt operations and cause a decline or delay in sales.

Intense competitive forces demand rapid technological advances and frequent new product introductions, and could require us to reduce prices.

We have no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or risks, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. New information, future events or risks could cause the forward-looking events we discuss in this prospectus supplement, the accompanying prospectus or the documents incorporated herein by reference not to occur. Additional information concerning these and other risks and uncertainties is contained in our other periodic filings with the SEC.



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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. This prospectus supplement also incorporates by reference the information described under **Where You Can Find More Information**. The second part is the accompanying prospectus dated May 10, 2007. The accompanying prospectus contains a description of our debt securities and gives more general information, some of which may not apply to this offering.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

**Unless we have indicated otherwise, references in this prospectus supplement to Oracle, we, us and our or similar terms are to Oracle Corporation and its consolidated subsidiaries.**

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**SUMMARY**

*The following summary highlights information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. It may not contain all of the information that you should consider before investing in the Notes. You should carefully read this entire prospectus supplement, as well as the accompanying prospectus and the document incorporated by reference herein that are described under Where You Can Find More Information.*

**Oracle Corporation**

We are the world's largest enterprise software company. We develop, manufacture, market, distribute and service database, middleware and applications software designed to help our customers manage and grow their business operations.

Our goal is to offer customers scalable, reliable, secure and integrated software solutions that improve transactional efficiencies, adapt to an organization's unique needs and allow better ways to access and manage information and automate business processes at a lower total cost of ownership. We seek to be an industry leader in each of the specific product categories in which we compete and to expand into new and emerging markets.

We believe our internal, or organic, growth and continued innovation with respect to our core database, middleware and applications technologies provide the foundation for our long-term strategic plan. In fiscal 2009, we invested \$2.8 billion on research and development to enhance our existing portfolio of products and services and to develop new products, features and services.

An active acquisition program is another important element of our corporate strategy. In recent years, we have invested billions of dollars to acquire a number of complementary companies, products, services and technologies. We believe our acquisition program supports our long-term strategic direction, strengthens our competitive position, expands our customer base, provides greater scale to accelerate innovation, grows our revenues and earnings, and increases stockholder value. We expect to continue to acquire companies, products, services and technologies.

On April 19, 2009, we entered into an Agreement and Plan of Merger with Sun Microsystems, Inc., or Sun, a provider of enterprise computing systems, software and services, under which we have agreed to acquire all outstanding shares of Sun for \$9.50 per share in cash. The estimated total purchase price for Sun is approximately \$7.4 billion. The transaction is subject to Sun stockholder approval, regulatory clearances and other customary closing conditions.

Oracle Corporation was incorporated in 2005 as a Delaware corporation and is the successor to operations originally begun in June 1977.

Our principal executive offices are located at 500 Oracle Parkway, Redwood City, California 94065, and our telephone number is (650) 506-7000. We maintain a website at [www.oracle.com](http://www.oracle.com) where general information about us is available. We are not incorporating the contents of the website into this prospectus supplement.

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**The Offering**

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus supplement contains a more detailed description of the terms and conditions of the Notes.

Issuer	Oracle Corporation
Securities Offered	\$ principal amount of % Notes due 2014
\$ principal amount of % Notes due 2019	
\$ principal amount of % Notes due 2039	
Maturity Dates	, 2014 for the 2014 Notes
	, 2019 for the 2019 Notes
	, 2039 for the 2039 Notes
Original Issue Date	, 2009
Interest Rates	Fixed rate of % for the 2014 Notes
Fixed rate of % for the 2019 Notes	
Fixed rate of % for the 2039 Notes	
Interest Payment Dates	Each and beginning on , 2010, and on the maturity date for each series of notes.
Ranking	The Notes will be the senior unsecured obligations of Oracle Corporation and will rank equally with all of its existing and future senior indebtedness from time to time outstanding. All existing and future liabilities of subsidiaries of Oracle Corporation will be effectively senior to the Notes.
	As of May 31, 2009, Oracle had approximately \$22.3 billion of total liabilities on a consolidated basis, including \$10.2 billion of senior notes and \$1 million of capital leases outstanding. Of this amount, subsidiaries of Oracle Corporation had approximately \$11.5 billion of liabilities (including trade payables) to which the Notes will be effectively subordinated.
Form and Denomination	The notes will be issued in the form of one or more fully registered global securities, without coupons, in denominations of \$2,000 in principal amount and integral multiples of \$1,000 in excess thereof. These global notes will be deposited with the trustee as



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custodian for, and registered in the name of, a nominee of The Depository Trust Company, or DTC. Except in the limited circumstances described under Description of the Notes Book-Entry; Delivery and Form; Global Note , Notes in certificated form will not be issued or exchanged for interests in global securities.

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Governing Law	New York
Use of Proceeds	The net proceeds of this offering will be used for general corporate purposes and future acquisitions, including our proposed acquisition of Sun and acquisition-related expenses.
Further Issuances	Oracle Corporation may create and issue further notes of a series ranking equally and ratably with the applicable series of Notes offered by this prospectus supplement in all respects, so that such further notes of each series will be consolidated and form a single series with the applicable series of Notes offered by this prospectus supplement.
Sinking Fund	None
Optional Redemption	Oracle Corporation may redeem some or all of the Notes at any time at the make-whole premium redemption prices indicated under the heading Description of the Notes Optional Redemption.
Trading	The Notes are new issues of securities with no established trading market. We do not intend to apply for listing of the Notes on any securities exchange. The underwriters have advised us that they intend to make a market in each series of the Notes, but they are not obligated to do so and may discontinue market-making at any time without notice. See Underwriting in this prospectus supplement for more information about possible market-making by the underwriters.
Trustee	The Bank of New York Mellon Trust Company, N.A. is the trustee.
Risk Factors	You should carefully consider all of the information in this prospectus supplement and the accompanying prospectus and the documents incorporated herein by reference. In particular, you should evaluate the information set forth under Cautionary Note on Forward-Looking Statements and Risk Factors before deciding whether to invest in the Notes.

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Our summary consolidated financial information presented below as of and for the three years ended May 31, 2009 has been derived from our audited consolidated financial statements. Our summary consolidated financial information set forth below should be read in conjunction with our consolidated financial statements, including the notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which can be found in our Annual Report on Form 10-K, for the year ended May 31, 2009, which is incorporated by reference herein.

(in millions, except per share amounts)	Year Ended May 31,		
	2009	2008	2007
<b>Statements of Operations Data:</b>			
Revenues:			
New software licenses	\$ 7,123	\$ 7,515	\$ 5,882
Software license updates and product support	11,754	10,328	8,329
Services	4,375	4,587	3,785
<b>Total revenues</b>	<b>23,252</b>	<b>22,430</b>	<b>17,996</b>
Operating Expenses:			
Sales and marketing	4,638	4,679	3,907
Software license updates and product support	1,088	997	842
Cost of services	3,706	3,984	3,349
Research and development	2,767	2,741	2,195
General and administrative	785	808	692
Amortization of intangible assets	1,713	1,212	878
Other expenses	234	165	159
<b>Total operating expenses</b>	<b>14,931</b>	<b>14,586</b>	<b>12,022</b>
Operating income	8,321	7,844	5,974
Interest expense	(630)	(394)	(343)
Non-operating income, net	143	384	355
Income before provision for income taxes	7,834	7,834	5,986
Provision for income taxes	2,241	2,313	1,712
<b>Net income</b>	<b>\$ 5,593</b>	<b>\$ 5,521</b>	<b>\$ 4,274</b>
Earnings per share - basic	\$ 1.10	\$ 1.08	\$ 0.83
Earnings per share - diluted	\$ 1.09	\$ 1.06	\$ 0.81

(in millions)	As of May 31,		
	2009	2008	2007
<b>Balance Sheet Data:</b>			
Cash, cash equivalents and marketable securities	\$ 12,624	\$ 11,043	\$ 7,020
Working capital	\$ 9,432	\$ 8,074	\$ 3,496
Total assets	\$ 47,416	\$ 47,268	\$ 34,572
Notes payable, current and other current borrowings	\$ 1,001	\$ 1,001	\$ 1,358
Notes payable and other non-current borrowings	\$ 9,237	\$ 10,235	\$ 6,235
Total stockholders' equity	\$ 25,090	\$ 23,025	\$ 16,919

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**Ratio of Earnings to Fixed Charges**

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated and does not reflect any additional borrowings we expect to incur in connection with our purchase of Sun.

	Year Ended May 31,				
	2009	2008	2007	2006	2005
Ratio of earnings to fixed charges	13x	18x	17x	25x	25x

For purposes of calculating this ratio, the term *earnings* means the amounts resulting from the following: (a) our income before provision for income taxes, plus (b) the minority interests in the net income of our majority owned subsidiaries, plus (c) our fixed charges, less (d) our share of our equity investee's income before provision for income taxes, less (e) our interest capitalized. The term *fixed charges* means the amounts resulting from the following: (a) our interest expensed, plus (b) our interest capitalized, plus (c) our estimate of the interest component of rent expense.

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**RISK FACTORS**

*In considering whether to purchase the Notes, you should carefully consider all the information we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risk factors described below, which are not exhaustive.*

**Risks Related to the Offering**

**An active trading market for the Notes may not develop.**

There is currently no public market for the Notes, and Oracle Corporation does not currently plan to list the Notes on any national securities exchange. In addition, the liquidity of any trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for these Notes, prevailing interest rates and changes in Oracle Corporation's consolidated financial condition, results of operations or prospects. A liquid trading market in the Notes may not develop, which could decrease the amounts you would otherwise receive upon a sale or disposition of the Notes.

**The Notes are the unsecured obligations of Oracle Corporation and not obligations of its subsidiaries and will be effectively subordinated to the claims of its subsidiaries' creditors. Structural subordination increases the risk that Oracle Corporation will be unable to meet its obligations on the Notes when they mature.**

The Notes are exclusively the obligations of Oracle Corporation and are not obligations of its subsidiaries. Oracle Corporation is a holding company and substantially all of its operations are conducted through its subsidiaries. As a result, Oracle Corporation's cash flow and ability to service its debt, including the Notes, depend upon the earnings of its subsidiaries and the distribution to it of earnings, loans or other payments by its subsidiaries.

Oracle Corporation's subsidiaries are separate and distinct legal entities. Its subsidiaries will not guarantee the Notes and are under no obligation to pay any amounts due on the Notes or to provide Oracle Corporation with funds for its payment obligations, whether by dividends, distributions, loans or other payments. Payments to Oracle Corporation by its subsidiaries will also be contingent upon such subsidiaries' earnings and business considerations and may be subject to legal and contractual restrictions. As of May 31, 2009, Oracle had approximately \$22.3 billion of total liabilities on a consolidated basis, including \$10.2 billion of senior notes and \$1 million of capital leases outstanding. Of this amount, subsidiaries of Oracle Corporation had approximately \$11.5 billion of liabilities (including trade payables) to which the Notes will be effectively subordinated.

Oracle Corporation's right to receive any assets of any of its subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including senior and subordinated debt holders and bank and trade creditors. In addition, even if Oracle Corporation were a creditor of any of its subsidiaries, its rights as a creditor would be subordinate to any security interest in the assets of its subsidiaries and any indebtedness of its subsidiaries senior to that held by Oracle Corporation.

In addition, the Notes will not be secured by any of the assets of Oracle Corporation or any assets of its subsidiaries. Accordingly, the Notes will be subordinated to the extent Oracle Corporation or its subsidiaries have secured borrowings. There are no restrictions in the indenture governing the Notes that restrict its subsidiaries from granting security interests or liens on any or all of their assets.

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**The indenture governing the Notes contains negative covenants. The limitation on liens and sale/leaseback covenants do not apply to Oracle Corporation's subsidiaries and contain exceptions that would allow Oracle Corporation and its subsidiaries to grant liens or security interests with respect to their assets, rendering the holders of the Notes structurally or contractually subordinated to new lenders. The indenture governing the Notes does not contain any financial covenants.**

The indenture governing the Notes contains negative covenants. The limitation on liens and sale/leaseback covenants apply to Oracle Corporation, but not to its subsidiaries. As a result, such subsidiaries will not be restricted under the indenture from granting liens or security interests with respect to all or any of their assets without having to provide similar liens or security to the holders of the Notes, or from entering into sale/leaseback transactions. Exceptions to the definition of "permitted lien" within the limitation on liens covenant would allow Oracle Corporation to borrow substantial additional amounts, and to grant liens or security interests in connection with those borrowings. The indenture governing the Notes does not contain any financial covenants.

### **Increased leverage may harm the financial condition and results of operations of Oracle Corporation.**

As of May 31, 2009, Oracle had approximately \$22.3 billion of total liabilities on a consolidated basis. As of the date hereof, Oracle Corporation had the ability to borrow up to an additional \$5.0 billion under its commercial paper program and an aggregate of \$4.9 billion under its two revolving credit facilities, both of which backstop the commercial paper program.

Oracle Corporation and its subsidiaries may incur additional indebtedness in the future and the Notes do not restrict future incurrence of indebtedness. Any increase in its level of indebtedness will have several important effects on Oracle Corporation's future operations, including, without limitation:

- Oracle Corporation will have additional cash requirements in order to support the payment of interest on its outstanding indebtedness;

- increases in its outstanding indebtedness and leverage will increase its vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure; and

- depending on the levels of its outstanding debt, its ability to obtain additional financing for working capital, capital expenditures, general corporate and other purposes may be limited.

Oracle Corporation's ability to make payments of principal and interest on its indebtedness depends upon its future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting its consolidated operations, many of which are beyond its control. If Oracle Corporation is unable to generate sufficient cash flow from operations in the future to service its debt, it may be required, among other things:

- to seek additional financing in the debt or equity markets;

- to refinance or restructure all or a portion of its indebtedness, including the Notes;

- to sell selected assets;

- to reduce or delay planned capital expenditures; or

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to reduce or delay planned operating and investment expenditures.

Such measures might not be sufficient to enable Oracle Corporation to service its debt. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms.

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### **Ratings of the Notes may change and affect the market price and marketability of the Notes.**

Oracle Corporation's long term debt has been rated A2, A and A by Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings, respectively. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with future events, such as future acquisitions. Holders of Notes will have no recourse against Oracle Corporation or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Notes.

### **Risks Related to Our Business**

We operate in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that we cannot control or predict. The following discussion and our Critical Accounting Policies and Estimates discussed in our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, which are incorporated by reference into this prospectus supplement, highlight some of these risks.

#### **The effects of the current recession and the recent global economic crisis may impact our business, results of operations, financial condition or stock price.**

The current recession and recent global economic crisis have caused a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, and extreme volatility in credit, equity and fixed income markets. These macroeconomic developments could negatively affect our business, operating results or financial condition in a number of ways which, in turn, could adversely affect our stock price.

For example, current or potential customers may reduce their IT spending or be unable to fund software or services purchases, which could cause them to delay, decrease or cancel purchases of our products and services or not to pay us or to delay paying us for previously purchased products and services.

In some financial markets, institutions may decrease or discontinue their purchase of the long-term customer financing contracts that we have traditionally sold on a non-recourse basis. As a result, we may hold more of these contracts ourselves or require more customers to purchase our products and services on a cash basis.

In addition, financial institution weakness or failures may cause us to incur increased expenses or make it more difficult either to utilize our existing debt capacity or otherwise obtain financing for our operations, investing activities or financing activities (including the financing of any future acquisitions and the timing and amount of any future dividend declarations or repurchases of our common stock or our debt).

Finally, our investment portfolio, which includes short-term debt securities, is generally subject to general credit, liquidity, counterparty, market and interest rate risks that may be exacerbated by the recent global financial crisis. If the banking system or the fixed income, credit or equity markets continue to deteriorate or remain volatile, our investment portfolio may be impacted and the values and liquidity of our investments could be adversely affected.

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### **Economic, political and market conditions can adversely affect our business, results of operations and financial condition, including our revenue growth and profitability.**

Our business is influenced by a range of factors that are beyond our control and that we have no comparative advantage in forecasting. These include:

general economic and business conditions;

currency exchange rate fluctuations;

the overall demand for enterprise software and services;

governmental budgetary constraints or shifts in government spending priorities; and

general political developments.

A general weakening of, or declining corporate confidence in, the global economy, or a curtailment in government or corporate spending could delay or decrease customer purchases. In addition, terrorist attacks around the world, the wars in Afghanistan and Iraq and the potential for other hostilities in various parts of the world, potential public health crises and natural disasters continue to contribute to a climate of economic and political uncertainty that could adversely affect our results of operations and financial condition, including our revenue growth and profitability. These factors generally have the strongest effect on our sales of new software licenses and related services and, to a lesser extent, also affect our renewal rates for software license updates and product support.

### **We may fail to achieve our financial forecasts due to inaccurate sales forecasts or other factors.**

Our revenues, and particularly our new software license revenues, are difficult to forecast, and, as a result, our quarterly operating results can fluctuate substantially. We use a pipeline system, a common industry practice, to forecast sales and trends in our business. Our sales personnel monitor the status of all proposals and estimate when a customer will make a purchase decision and the dollar amount of the sale. These estimates are aggregated periodically to generate a sales pipeline. Our pipeline estimates can prove to be unreliable both in a particular quarter and over a longer period of time, in part because the conversion rate or closure rate of the pipeline into contracts can be very difficult to estimate. A contraction in the conversion rate, or in the pipeline itself, could cause us to plan or budget incorrectly and adversely affect our business or results of operations. In particular, a slowdown in IT spending or economic conditions generally can unexpectedly reduce the conversion rate in particular periods as purchasing decisions are delayed, reduced in amount or cancelled. The conversion rate can also be affected by the tendency of some of our customers to wait until the end of a fiscal period in the hope of obtaining more favorable terms, which can also impede our ability to negotiate and execute these contracts in a timely manner. In addition, for newly acquired companies, we have limited ability to predict how their pipelines will convert into sales or revenues for one or two quarters following the acquisition, and their conversion rate post-acquisition may be quite different from their historical conversion rate.

A substantial portion of our new software license revenue contracts is completed in the latter part of a quarter and a significant percentage of these are large orders. Because our cost structure is largely fixed in the short term, revenue shortfalls tend to have a disproportionately negative impact on our profitability. The number of large new software license transactions also increases the risk of fluctuation in our quarterly results because a delay in even a small number of these transactions could cause our quarterly new software license revenues to fall significantly short of our predictions.

### **Our success depends upon our ability to develop new products and services, integrate acquired products and services and enhance our existing products and services.**

Rapid technological advances and evolving standards in computer hardware, software development and communications infrastructure, changing and increasingly sophisticated customer needs and frequent new product introductions and enhancements characterize the enterprise software market in which we compete. If we



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are unable to develop new products and services, or to enhance and improve our products and support services in a timely manner or to position and/or price our products and services to meet market demand, customers may not buy new software licenses or purchase or renew software license updates and product support contracts. Renewals of these support contracts are an important factor in the growing software license update and product support segment of our business. In addition, IT standards from both consortia and formal standards-setting forums as well as de facto marketplace standards are rapidly evolving. We cannot provide any assurance that the standards on which we choose to develop new products will allow us to compete effectively for business opportunities in emerging areas.

We are currently building Oracle Fusion Applications, which are being designed to unify best-of-business capabilities from all Oracle applications in a complete suite. We have also announced that we intend to extend the life of many of our acquired products and will continue to provide long-term support for many of our acquired products, both of which require us to dedicate resources. If we do not develop and release these new or enhanced products and services within the anticipated time frames, if there is a delay in market acceptance of a new, enhanced or acquired product line or service, if we do not timely optimize complementary product lines and services or if we fail to adequately integrate, support or enhance acquired product lines or services, our business may be adversely affected.

### **Acquisitions present many risks, and we may not realize the financial and strategic goals that were contemplated at the time of a transaction.**

In recent years, we have invested billions of dollars to acquire a number of companies, products, services and technologies. An active acquisition program is an important element of our overall corporate strategy, and we expect to continue to make similar acquisitions in the future, including our currently pending acquisition of Sun. Risks we may face in connection with our acquisition program include:

our ongoing business may be disrupted and our management's attention may be diverted by acquisition, transition or integration activities;

an acquisition may not further our business strategy as we expected, we may pay more than the acquired company or assets are ultimately worth or we may not integrate an acquired company or technology as successfully as we expected, which could adversely affect our business or operating results;

we may have difficulties (i) managing an acquired company's technologies or lines of business or (ii) entering new markets, in each case where we have no or limited direct prior experience or where competitors may have stronger market positions;

our operating results or financial condition may be adversely impacted by liabilities that we assume from an acquired company or technology or by other circumstances related to an acquisition, including claims related to an acquired business or technology from government agencies, terminated employees, customers, former stockholders or other third parties; pre-existing contractual relationships of an acquired company that we would not have otherwise entered into, the termination or modification of which may be costly or disruptive to our business; unfavorable revenue recognition or other accounting treatment as a result of an acquired company's practices; and intellectual property disputes;

we may fail to identify or assess the magnitude of certain liabilities, shortcomings or other circumstances prior to acquiring a company or technology, which could result in unexpected litigation or regulatory exposure, unfavorable accounting treatment, unexpected increases in taxes due, a loss of anticipated tax benefits or other adverse effects on our business, operating results or financial condition;

we may not realize the anticipated increase in our revenues from an acquisition if a larger than predicted number of customers decline to renew software license updates and product support contracts, if we are unable to sell the acquired products to our customer base or if contract models of an acquired company do not allow us to recognize revenues on a timely basis;



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we may be unable to obtain timely approvals from, or may otherwise have certain limitations, restrictions, penalties or other sanctions imposed on us by, worker councils or similar bodies under applicable employment laws as a result of an acquisition, which could adversely affect our integration plans in certain jurisdictions;

we may have difficulty incorporating acquired technologies or products with our existing product lines and maintaining uniform standards, architecture, controls, procedures and policies;

we may have multiple and overlapping product lines as a result of our acquisitions that are offered, priced and supported differently, which could cause customer confusion and delays;

we may have higher than anticipated costs in continuing support and development of acquired products;

we may be unable to obtain required approvals from governmental authorities under competition and antitrust laws on a timely basis, if it all, which could, among other things, delay or prevent us from completing a transaction, otherwise restrict our ability to realize the expected financial or strategic goals of an acquisition or have other adverse effects on our current business and operations;

our use of cash to pay for acquisitions may limit other potential uses of our cash, including stock repurchases, dividend payments and retirement of outstanding indebtedness;

we may significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition and we may have to delay or not proceed with a substantial acquisition if we cannot obtain the necessary funding to complete the acquisition in a timely manner or on favorable terms;

we may experience additional and/or unexpected changes in how we are required to account for our acquisitions pursuant to U.S. generally accepted accounting principles (GAAP), including our adoption of Financial Accounting Standard Board, or FASB, Statement No. 141 (revised 2007), *Business Combinations*, in fiscal 2010, which could materially affect our consolidated financial statements; and

to the extent that we issue a significant amount of equity securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease.

The occurrence of any of these risks could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly in the case of a larger acquisition or several concurrent acquisitions.

### **Our international sales and operations subject us to additional risks that can adversely affect our operating results.**

We derive a substantial portion of our revenues from, and have significant operations, outside of the United States. Our international operations include software development, sales, customer support, consulting, On Demand and shared administrative service centers.

Compliance with international and U.S. laws and regulations that apply to our international operations increases our cost of doing business in foreign jurisdictions. These laws and regulations include U.S. laws such as the Foreign Corrupt Practices Act, and local laws which also prohibit corrupt payments to governmental officials, data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, and export requirements. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could result in prohibitions on our ability to offer our products and services in one or more countries, could delay or prevent potential acquisitions, and could also materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate these risks and manage these difficulties. We monitor



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our international operations and investigate allegations of improprieties relating to transactions and the way in which such transactions are recorded. Where circumstances warrant, we provide information and report our findings to government authorities, but no assurance can be given that action will not be taken by such authorities.

We are also subject to a variety of other risks and challenges in managing an organization operating in various countries, including those related to:

general economic conditions in each country or region;

fluctuations in currency exchange rates;

regulatory changes;

political unrest, terrorism and the potential for other hostilities;

public health risks, particularly in areas in which we have significant operations;

longer payment cycles and difficulties in collecting accounts receivable;

overlapping tax regimes;

our ability to repatriate funds held by our foreign subsidiaries to the United States at favorable tax rates;

difficulties in transferring funds from certain countries; and

reduced protection for intellectual property rights in some countries.

As the majority shareholder of Oracle Financial Services Software Limited (formerly i-flex solutions limited), a publicly traded Indian software company focused on the banking industry, we are faced with several additional risks, including being subject to local securities regulations and being unable to exert full control or obtain financial and other information on a timely basis.

### **We may experience foreign currency gains and losses.**

We conduct a significant number of transactions in currencies other than the U.S. Dollar. Changes in the value of major foreign currencies, particularly the Euro, Japanese Yen and British Pound relative to the U.S. Dollar can significantly affect our revenues and operating results. Our revenues and operating results are adversely affected when the dollar strengthens relative to other currencies and are positively affected when the dollar weakens. Our revenues and operating results in fiscal 2009 have been unfavorably affected by the recent strengthening U.S. Dollar relative to other major foreign currencies.

Our foreign currency transaction gains and losses, primarily related to sublicense fees and other agreements among us and our subsidiaries and distributors, are charged against earnings in the period incurred. We enter into foreign exchange forward contracts to hedge certain transaction and translation exposures in major currencies, but we will continue to experience foreign currency gains and losses in certain instances where it is not possible or cost effective to hedge our foreign currency exposures.



**We may not be able to protect our intellectual property rights.**

We rely on copyright, trademark, patent and trade secret laws, confidentiality procedures, controls and contractual commitments to protect our intellectual property rights. Despite our efforts, these protections may be limited. Unauthorized third parties may try to copy or reverse engineer portions of our products or otherwise obtain and use our intellectual property. Any patents owned by us may be invalidated, circumvented or challenged. Any of our pending or future patent applications, whether or not being currently challenged, may not be issued with the scope of the claims we seek, if at all. In addition, the laws of some countries do not provide the same level of protection of our intellectual property rights as do the laws and courts of the United States. If we cannot protect our intellectual property rights against unauthorized copying or use, or other misappropriation, we may not remain competitive.

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### **Third parties have claimed and, in the future, may claim infringement or misuse of intellectual property rights and/or breach of license agreement provisions.**

We periodically receive notices from, or have lawsuits filed against us by, others claiming infringement or other misuse of their intellectual property rights and/or breach of our agreements with them. We expect the number of such claims will increase as:

we continue to acquire companies;

the number of products and competitors in our industry segments grows;

the functionality of products overlap;

the use and support of third-party code (including open source code) becomes more prevalent in the software industry; and

the volume of issued software patents continues to increase.

Responding to any such claim, regardless of its validity, could:

be time consuming, costly and result in litigation;

divert management's time and attention from developing our business;

require us to pay monetary damages or enter into royalty and licensing agreements that we would not normally find acceptable;

require us to stop selling or to redesign certain of our products;

require us to release source code to third parties, possibly under open source license terms;

require us to satisfy indemnification obligations to our customers; or

otherwise adversely affect our business, results of operations, financial condition or cash flows.

Specific patent infringement cases are discussed under Note 17 of Notes to Consolidated Financial Statements of our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, which is incorporated by reference into this prospectus supplement

### **We may lose key employees or may be unable to hire enough qualified employees.**

We rely on the continued service of our senior management, including our Chief Executive Officer and founder, members of our executive team and other key employees and the hiring of new qualified employees. In the software industry, there is substantial and continuous competition for highly skilled business, product development, technical and other personnel. In addition, acquisitions could cause us to lose key personnel of the

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acquired companies or at Oracle. We may also experience increased compensation costs that are not offset by either improved productivity or higher prices. We may not be successful in recruiting new personnel and in retaining and motivating existing personnel. With rare exceptions, we do not have long-term employment or non-competition agreements with our employees. Members of our senior management team have left Oracle over the years for a variety of reasons, and we cannot assure you that there will not be additional departures, which may be disruptive to our operations.

We continually focus on improving our cost structure by hiring personnel in countries where advanced technical expertise is available at lower costs. When we make adjustments to our workforce, we may incur expenses associated with workforce reductions that delay the benefit of a more efficient workforce structure. We may also experience increased competition for employees in these countries as the trend toward globalization continues, which may affect our employee retention efforts and/or increase our expenses in an effort to offer a competitive compensation program. Part of our total compensation program includes stock options which are an important tool in attracting and retaining employees in our industry. If our stock price performs poorly, it may

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adversely affect our ability to retain or attract employees. In addition, because we expense all stock-based compensation, we may in the future change our stock-based and other compensation practices. Some of the changes we consider from time to time include a reduction in the number of employees granted options, a reduction in the number of options granted per employee and a change to alternative forms of stock-based compensation. Any changes in our compensation practices or changes made by competitors could affect our ability to retain and motivate existing personnel and recruit new personnel.

### **We may need to change our pricing models to compete successfully.**

The intense competition we face in the sales of our products and services and general economic and business conditions can put pressure on us to change our prices. If our competitors offer deep discounts on certain products or services or develop products that the marketplace considers more valuable, we may need to lower prices or offer other favorable terms in order to compete successfully. Any such changes may reduce margins and could adversely affect operating results. Our software license updates and product support fees are generally priced as a percentage of our net new software license fees. Our competitors may offer lower percentage pricing on product updates and support, which could put pressure on us to further discount our new license prices.

Any broad-based change to our prices and pricing policies could cause new software license and services revenues to decline or be delayed as our sales force implements and our customers adjust to the new pricing policies. Some of our competitors may bundle software products for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. These practices could, over time, significantly constrain the prices that we can charge for certain of our products. If we do not adapt our pricing models to reflect changes in customer use of our products or changes in customer demand, our new software license revenues could decrease. Additionally, increased distribution of applications through application service providers, including software-as-a-service (SaaS) providers, may reduce the average price for our products or adversely affect other sales of our products, reducing new software license revenues unless we can offset price reductions with volume increases. The increase in open source software distribution may also cause us to change our pricing models.

### **We may be unable to compete effectively within the highly competitive software industry.**

Many vendors develop and market databases, internet application server products, application development tools, business applications, collaboration products and business intelligence products that compete with our offerings. In addition, several companies offer business process outsourcing (BPO) and SaaS as competitive alternatives to buying software, and customer interest in BPO and SaaS solutions is increasing. Some of these competitors have greater financial or technical resources than we do. Our competitors that offer business applications and middleware products may influence a customer's purchasing decision for the underlying database in an effort to persuade potential customers not to acquire our products. We could lose customers if our competitors introduce new competitive products, add new functionality, acquire competitive products, reduce prices or form strategic alliances with other companies. Vendors that offer BPO or SaaS solutions may persuade our customers not to purchase our products. We may also face increasing competition from open source software initiatives, in which competitors may provide software and intellectual property for free. Existing or new competitors could gain sales opportunities or customers at our expense.

### **Disruptions of our indirect sales channel could affect our future operating results.**

Our indirect channel network is comprised primarily of resellers, system integrators/implementers, consultants, education providers, internet service providers, network integrators and independent software vendors. Our relationships with these channel participants are important elements of our marketing and sales efforts. Our financial results could be adversely affected if our contracts with channel participants were terminated, if our relationships with channel participants were to deteriorate, if any of our competitors enter into

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strategic relationships with or acquire a significant channel participant or if the financial condition of our channel participants were to weaken. There can be no assurance that we will be successful in maintaining, expanding or developing our relationships with channel participants. If we are not successful, we may lose sales opportunities, customers and revenues.

**Charges to earnings resulting from acquisitions may adversely affect our operating results.**

In fiscal 2010, we will adopt FASB Statement No. 141 (revised 2007), *Business Combinations* and FASB Staff Position (FSP) FAS 141(R)-1 *Accounting for Assets Acquired and Liabilities Assumed in a Business Combinations That Arise from Contingencies*. Accounting for our acquisitions pursuant to Statement 141(R) is significantly different than how we have historically accounted for our acquisitions under existing accounting principles and these differences could materially impact our results of operations or financial position. The more significant differences include how we account for restructuring liabilities associated with an acquisition, costs incurred to effect the acquisition, changes in estimates of income tax valuation allowances and liabilities for uncertain tax positions associated with an acquisition, and how we reflect goodwill adjustments in comparative financial statements, among others. A more thorough discussion of our accounting for these and other items is presented in the Critical Accounting Policies and Estimates section of Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, which is incorporated by reference into this prospectus supplement.

For any business combination that is consummated pursuant to Statement 141(R), we will recognize the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in acquired companies generally at their acquisition date fair values and, in each case, separately from goodwill. Goodwill as of the acquisition date is measured as the excess amount of consideration transferred, which is also generally measured at fair value, and the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. Our estimates of fair value are based upon assumptions believed to be reasonable but which are inherently uncertain. After we complete an acquisition, the following factors could result in material charges and adversely affect our operating results and may adversely affect our cash flows:

costs incurred to combine the operations of companies we acquire, such as employee retention, redeployment or relocation expenses;

impairment of goodwill or intangible assets;

amortization of intangible assets acquired;

a reduction in the useful lives of intangible assets acquired;

identification of assumed contingent liabilities after the measurement period (generally up to one year from the acquisition date) has ended;

charges to our operating results to eliminate certain duplicative pre-merger activities, to restructure our operations or to reduce our cost structure;

charges to our operating results due to changes in deferred tax asset valuation allowances and liabilities related to uncertain tax positions after the measurement period has ended;

charges to our operating results resulting from expenses incurred to effect the acquisition; and

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charges to our operating results due to the expensing of certain stock awards assumed in an acquisition. Substantially all of these costs will be accounted for as expenses that will decrease our net income and earnings per share for the periods in which those costs are incurred. Charges to our operating results in any given period could differ substantially from other periods based on the timing and size of our future acquisitions and the extent of integration activities.

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### **Our periodic workforce restructurings can be disruptive.**

We have in the past restructured or made other adjustments to our workforce, including our direct sales force on which we rely heavily, in response to management changes, product changes, performance issues, acquisitions and other internal and external considerations. In the past, sales force and other restructurings have generally resulted in a temporary lack of focus and reduced productivity. These effects could recur in connection with future acquisitions and other restructurings and our revenues could be negatively affected.

### **We might experience significant errors or security flaws in our products and services.**

Despite testing prior to their release, software products frequently contain errors or security flaws, especially when first introduced or when new versions are released. The detection and correction of any security flaws can be time consuming and costly. Errors in our software products could affect the ability of our products to work with other hardware or software products, could delay the development or release of new products or new versions of products and could adversely affect market acceptance of our products. If we experience errors or delays in releasing new products or new versions of products, we could lose revenues. In addition, we run our own business operations, Oracle On Demand and other outsourcing services, support and consulting services, on our products and networks and any security flaws, if exploited, could affect our ability to conduct internal business operations. End users, who rely on our products and services for applications that are critical to their businesses, may have a greater sensitivity to product errors and security vulnerabilities than customers for software products generally. Software product errors and security flaws in our products or services could expose us to product liability, performance and/or warranty claims as well as harm our reputation, which could impact our future sales of products and services. In addition, we may be legally required to publicly report security breaches of our services, which could adversely impact future business prospects for those services.

### **We may not receive significant revenues from our current research and development efforts for several years, if at all.**

Developing and localizing software is expensive and the investment in product development often involves a long return on investment cycle. We have made and expect to continue to make significant investments in software research and development and related product opportunities. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development that could adversely affect our operating results if not offset by revenue increases. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, we do not expect to receive significant revenues from these investments for several years, if at all.

### **Our sales to government clients subject us to risks including early termination, audits, investigations, sanctions and penalties.**

We derive revenues from contracts with the United States government, state and local governments and their respective agencies, which may terminate most of these contracts at any time, without cause.

There is increased pressure for governments and their agencies, both domestically and internationally, to reduce spending. Our federal government contracts are subject to the approval of appropriations being made by the United States Congress to fund the expenditures under these contracts. Similarly, our contracts at the state and local levels are subject to government funding authorizations.

Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

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### **Business disruptions could affect our operating results.**

A significant portion of our research and development activities and certain other critical business operations is concentrated in a few geographic areas. We are a highly automated business and a disruption or failure of our systems could cause delays in completing sales and providing services, including some of our On Demand offerings. A major earthquake, fire or other catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our future operating results could be materially and adversely affected.

### **There are risks associated with our outstanding indebtedness.**

As of May 31, 2009, we had an aggregate of \$10.2 billion of outstanding indebtedness that will mature between 2010 and 2038, and we may incur additional indebtedness in the future. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to manage our business operations, generate sufficient cash flows to service such debt and the other factors discussed in this section. There can be no assurance that we will be able to manage any of these risks successfully.

We may also need to refinance a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing may not be as favorable as the terms of our existing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. Should we incur future increases in interest expense, our ability to utilize certain of our foreign tax credits to reduce our U.S. federal income tax could be limited, which could unfavorably affect our provision for income taxes and effective tax rate. In addition, changes by any rating agency to our outlook or credit rating could negatively affect the value of both our debt and equity securities and increase the interest amounts we pay on outstanding or future debt. These risks could adversely affect our financial condition and results of operations.

### **Adverse litigation results could affect our business.**

We are subject to various legal proceedings. Litigation can be lengthy, expensive and disruptive to our operations, and results cannot be predicted with certainty. An adverse decision could result in monetary damages or injunctive relief that could affect our business, operating results or financial condition. Additional information regarding certain of the lawsuits we are involved in is discussed under Note 17 in *Notes to Consolidated Financial Statements* of our Annual Report on Form 10-K for the fiscal year ended May 31, 2009, which is incorporated by reference into this prospectus supplement.

### **We may have exposure to additional tax liabilities.**

As a multinational corporation, we are subject to income taxes as well as non-income based taxes, in both the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities.

Changes in tax laws or tax rulings may have a significantly adverse impact on our effective tax rate. For example, proposals for fundamental U.S. international tax reform, such as the recent proposal by President Obama's Administration, if enacted, could have a significant adverse impact on our effective tax rate.

In the ordinary course of a global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities. Our intercompany transfer pricing is currently being reviewed by the IRS and by foreign tax jurisdictions and will likely be subject to additional audits in the future. We previously negotiated three unilateral Advance Pricing Agreements with the IRS that cover many of our intercompany transfer pricing issues and preclude the IRS from making a transfer pricing adjustment within the scope of these agreements. These agreements are effective for



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fiscal years through May 31, 2006. We have submitted to the IRS a request for renewal of this Advance Pricing Agreement for the years ending May 31, 2007 through May 31, 2011. However, these agreements do not cover all elements of our transfer pricing and do not bind tax authorities outside the United States. We have finalized one bilateral Advance Pricing Agreement, which was effective for the years ending May 31, 2002 through May 31, 2006 and we have submitted a renewal for the years ending May 31, 2007 through May 31, 2011. There can be no guarantee that such negotiations will result in an agreement. During the fiscal year ended May 31, 2009, we concluded an additional bilateral agreement to cover the period from June 1, 2001 through January 25, 2008.

Although we believe that our tax estimates are reasonable, there is no assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals.

We are also subject to non-income based taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and various foreign jurisdictions. We are regularly under audit by tax authorities with respect to these non-income based taxes and may have exposure to additional non-income based tax liabilities. Our acquisition activities have increased our non-income based tax exposures.

**Oracle On Demand and CRM On Demand may not be successful.**

We offer Oracle On Demand outsourcing services for our applications and database technology, delivered at our data center facilities, select partner data centers or customer facilities. We also offer CRM On Demand, which is a service offering that provides our customers with our CRM software functionality delivered via a hosted solution that we manage. These business models continue to evolve, and we may not be able to compete effectively, generate significant revenues, develop them into profitable businesses or maintain their profitability. We incur expenses associated with the infrastructures and marketing of our Oracle On Demand and CRM On Demand businesses in advance of our ability to recognize the revenues associated with these offerings. These businesses are subject to a variety of additional risks, including:

we manage critical customer applications, data and other confidential information through Oracle On Demand and CRM On Demand; accordingly, we face increased exposure to significant damage claims and risk to Oracle's brand and future business prospects in the event of system failures, inadequate disaster recovery or loss or misappropriation of customer confidential information;

we may face regulatory exposure in certain areas such as data privacy, data security and export compliance;

the laws and regulations applicable to hosted service providers are unsettled, particularly in the areas of privacy and security and use of global resources; changes in these laws could affect our ability to provide services from or to some locations and could increase both the costs and risks associated with providing the services;

demand for these services may not meet our expectations and may be affected by customer and media concerns about security risks, international transfers of data, government or other third-party access to data, and/or use of outsourced services providers more generally; and

our offerings may require large fixed costs for data centers, computers, network infrastructure, security and otherwise, and we may not be able to generate sufficient revenues to offset these costs and generate acceptable operating margins from these offerings.

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**Our stock price and the price of the Notes could become more volatile and your investment could lose value.**

All of the factors discussed in this section could affect our stock price. The timing of announcements in the public market regarding new products, product enhancements or technological advances by our competitors or us, and any announcements by us of acquisitions, major transactions, or management changes could also affect our stock price and the price of the Notes. Changes in the amounts and frequency of share repurchases or dividends could adversely affect our stock price and the price of the Notes. Our stock price and the price of the Notes are subject to speculation in the press and the analyst community, changes in recommendations or earnings estimates by financial analysts, changes in investors' or analysts' valuation measures for our stock, our credit ratings and market trends unrelated to our performance. A significant drop in our stock price and the price of the Notes could also expose us to the risk of securities class actions lawsuits, which could result in substantial costs and divert management's attention and resources, which could adversely affect our business.

**Table of Contents****USE OF PROCEEDS**

We estimate that the net proceeds from this offering will be approximately \$ billion after deducting underwriting discounts and commissions and our estimated offering expenses. The net proceeds of this offering will be used for general corporate purposes, future acquisitions, including our proposed acquisition of Sun, stock repurchases and repayment of other indebtedness. Pending application of the net proceeds as described above, we intend to invest the net proceeds from this offering temporarily in short-term investment grade securities.

**CAPITALIZATION**

The following table sets forth a summary of our consolidated capitalization on an actual and as adjusted basis as of May 31, 2009. Our consolidated capitalization, as adjusted, gives effect to the issuance of the Notes offered by this prospectus supplement. The following table does not reflect any additional borrowings we expect to incur in connection with our purchase of Sun, including borrowings that Oracle Corporation may incur under its commercial paper program and revolving credit facilities. As of the date hereof, Oracle Corporation had the ability to borrow up to \$5.0 billion under its commercial paper program and an aggregate of \$4.9 billion under its two revolving credit facilities, both of which backstop the commercial paper program.

(in millions, except par value data)	May 31, 2009	
	Actual	As Adjusted (Unaudited)
Long-term debt, including current portion:		
2014 Notes offered hereby	\$	\$
2019 Notes offered hereby		
2039 Notes offered hereby		
Floating Rate Senior Notes due May 2010 <sup>(1)</sup>		1,000
5.00% Senior Notes due 2011 <sup>(2)</sup>		2,247
4.95% Senior Notes due 2013		1,250
5.25% Senior Notes due 2016 <sup>(2)</sup>		1,993
5.75% Senior Notes due 2018 <sup>(2)</sup>		2,499
6.50% Senior Notes due 2038 <sup>(2)</sup>		1,248
Other long-term debt, including current portion		1
Total long-term debt, including current portion		10,238
Stockholders' equity:		
Preferred stock, \$0.01 par value authorized: 1.0 shares; outstanding: none		
Common stock, \$0.01 par value and additional paid in capital authorized: 11,000 shares; outstanding: 5,005 shares at May 31, 2009		12,980
Retained earnings		11,984
Accumulated other comprehensive income		216
Total stockholders' equity		25,090
Total capitalization	\$ 35,328	\$

- (1) Our floating rate senior notes due May 2010 bore interest at a rate of 0.97%, as of May 31, 2009. We have entered into an interest rate swap agreement that has the economic effect of modifying the variable interest obligations associated with our floating rate senior notes due May 2010 so that the interest payable on the senior notes effectively became fixed at a rate of 4.59%. Interest payments were calculated based on terms of the related agreements and include estimates based on the effective interest rates as of May 31, 2009 for variable rate borrowings after consideration of the aforementioned interest rate swap agreements.

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- (2) Balances reflect the principal amounts of the notes, net of unamortized discounts of \$3 million, \$7 million, \$1 million, and \$2 million for the Senior Notes due 2011, Senior Notes due 2016, Senior Notes due 2018, and Senior Notes due 2038, respectively.

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**Table of Contents****DESCRIPTION OF THE NOTES**

*The summary herein of certain provisions of the indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the indenture, a form of which is available upon request from us. The following description of the particular terms of the Notes supplements the description of the general terms and provisions of the debt securities set forth under Description of Debt Securities beginning on page 9 of the accompanying prospectus.*

**General**

The 2014 Notes will mature on \_\_\_\_\_, 2014, the 2019 Notes will mature on \_\_\_\_\_, 2019 and the 2039 Notes will mature on \_\_\_\_\_, 2039. The Notes will be issued in book-entry form only, in denominations of \$2,000 and multiples of \$1,000 thereafter. Interest on the Notes will accrue from \_\_\_\_\_, 2009 at the respective rates per annum shown on the cover of this prospectus supplement. The Notes will be payable semi-annually on \_\_\_\_\_ and \_\_\_\_\_, commencing on \_\_\_\_\_, 2010 to the persons in whose names the Notes are registered at the close of business on the preceding \_\_\_\_\_ or \_\_\_\_\_, as the case may be. Interest on the Notes will be paid to but excluding the relevant interest payment date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Notes will be issued under an indenture dated January 13, 2006 by and among Oracle Corporation (formerly known as Ozark Holding Inc.), Oracle Systems Corporation (formerly known as Oracle Corporation) and Citibank, N.A., as amended by a supplemental indenture dated as of May 9, 2007 by and among Oracle Corporation, Citibank, N.A. and The Bank of New York Trust Company, N.A., and as may be further supplemented from time to time. On June 29, 2007, Citibank, N.A. resigned as the original trustee under the indenture and Oracle Corporation appointed The Bank of New York Trust Company, N.A. as successor trustee. Thereafter, the Bank of New York Trust Company, N.A. became The Bank of New York Mellon Trust Company, N.A. The Bank of New York Mellon Trust Company, N.A. is the trustee for any and all securities issued under the indenture, as amended, including the Notes, and is referred to herein as the trustee. In accordance with the terms of the indenture, Oracle Systems Corporation is no longer an obligor under the indenture and will not be an obligor on the Notes. Oracle Corporation will be the sole obligor on the Notes.

The indenture does not limit the ability of Oracle Corporation to incur additional unsecured indebtedness. The Notes will be the unsecured and unsubordinated obligations of Oracle Corporation and will rank *pari passu* with its other unsecured and unsubordinated indebtedness. The Notes will be effectively subordinated to all indebtedness and liabilities (including trade payables and preferred stock obligations) of Oracle Corporation's subsidiaries and will be effectively subordinated to its secured indebtedness, if any, and that of its subsidiaries, if any. As of May 31, 2009, Oracle had approximately \$22.3 billion of total liabilities on a consolidated basis, including \$10.2 billion of senior notes and \$1 million of capital leases outstanding. Of this amount, subsidiaries of Oracle Corporation had approximately \$11.5 billion of liabilities (including trade payables). The Notes will be effectively subordinated to all such liabilities of Oracle Corporation's subsidiaries and the rights of creditors of such subsidiaries shall have priority over the rights of the holders of the Notes as creditors of Oracle Corporation.

**Issuance of Additional Notes**

Oracle Corporation may, without the consent of the holders, increase the principal amount of any series of Notes by issuing additional Notes of such series in the future on the same terms and conditions, except for any differences in the issue price and interest accrued prior to the issue date of the additional Notes. The additional Notes of a series will have the same CUSIP number as the applicable series of Notes. Under the indenture, each series of Notes and any additional Notes of such series Oracle Corporation may issue will be treated as a single series for all purposes under the indenture, including for purposes of determining whether the required percentage of the holders of record has given approval or consent to an amendment or waiver or joined in directing the trustee to take certain actions on behalf of all holders.

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Oracle Corporation also may, without the consent of the holders, issue other series of debt securities under the indenture in the future on terms and conditions different from the series of Notes offered hereby.

### **Optional Redemption**

The Notes will be redeemable, in whole or in part at any time, at Oracle Corporation's option, each at a make-whole premium redemption price calculated by Oracle Corporation equal to the greater of:

- (i) 100% of the principal amount of the Notes to be redeemed; and
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus           basis points with respect to the 2014 Notes,           basis points with respect to the 2019 Notes and           basis points with respect to the 2039 Notes,

plus, in each case, accrued interest thereon to the date of redemption. Notwithstanding the foregoing, installments of interest on Notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the Notes and the indenture.

**Comparable Treasury Issue** means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

**Comparable Treasury Price** means, with respect to any redemption date, (i) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Quotation Agent obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations, or (iii) if only one Reference Treasury Dealer Quotation is received, such quotation.

**Quotation Agent** means the Reference Treasury Dealer appointed by Oracle Corporation.

**Reference Treasury Dealer** means (i) Banc of America Securities LLC, Morgan Stanley & Co. Incorporated and a Primary Treasury Dealer (defined below) selected by Wachovia Capital Markets, LLC (or their respective affiliates that are Primary Treasury Dealers) and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), Oracle Corporation will substitute therefor another Primary Treasury Dealer, and (ii) any other Primary Treasury Dealer selected by Oracle Corporation.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

**Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the Notes to be redeemed. Unless Oracle Corporation defaults in payment of the

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redemption price, on and after the redemption date, interest will cease to accrue on the Notes or portions thereof called for redemption. If less than all of the Notes are to be redeemed, the Notes to be redeemed shall be selected by lot by The Depository Trust Company, in the case of Notes represented by a global note, or by the trustee by a method the trustee deems to be fair and appropriate, in the case of Notes that are not represented by a global note.

### **No Sinking Fund**

The Notes will not be entitled to any sinking fund.

### **Book-Entry; Delivery and Form; Global Note**

The Notes of each series sold in the United States will be issued in the form of one or more fully registered global notes without interest coupons which will be deposited with, or on behalf of, The Depository Trust Company ( DTC ), New York, New York, and registered in the name of Cede & Co., as nominee of DTC, for the accounts of participants in DTC. Unless and until exchanged, in whole or in part, for Notes in definitive registered form, a global note may not be transferred except as a whole (i) by the depository for such global note to a nominee of such depository, (ii) by a nominee of such depository to such depository or another nominee of such depository or (iii) by such depository or any such nominee to a successor of such depository or a nominee of such successor.

Ownership of beneficial interests in a registered global note will be limited to persons, called participants, that have accounts with the depository (currently DTC) or persons that may hold interests through participants in DTC. Investors may hold their interests in a global note directly through Euroclear Bank S.A./N.V., as operator of the Euroclear System ( Euroclear ), and Clearstream Banking, *société anonyme* ( Clearstream ), if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in a global note on behalf of their participants through their respective depositories, which in turn will hold such interests in the global note in customers' securities accounts in the depositories' names on the books of DTC.

Upon transfer of a definitive note, the definitive note will be exchanged for an interest in a global note, and the transferee will be required to hold its interest through a participant in DTC, Euroclear or Clearstream, as applicable.

Upon the issuance of a registered global note, the depository will credit, on its book-entry registration and transfer system, the participants' accounts with the respective principal or face amounts of the relevant series of Notes beneficially owned by the participants. Any dealers, underwriters or agents participating in the distribution of the Notes will designate the accounts to be credited. Ownership of beneficial interests in a registered global note will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depository, with respect to interests of participants, and on the records of participants, with respect to interests of persons holding through participants.

So long as the depository, or its nominee, is the registered owner of a registered global note, that depository or its nominee, as the case may be, will be considered the sole owner or holder of the relevant series of Notes represented by the registered global note for all purposes under the indenture. Except as described below, owners of beneficial interests in a registered global note will not be entitled to have the Notes represented by the registered global note registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or holders of the Notes under the indenture. Accordingly, each person owning a beneficial interest in a registered global note must rely on the procedures of the depository for that registered global note and, if that person is not a participant, on the procedures of the participant through which the person owns its interest, to exercise any rights of a holder under the indenture. The laws of some states may require that some purchasers of Notes take physical delivery of these Notes in definitive form. Such laws may impair the ability to transfer beneficial interests in a global note.

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To facilitate subsequent transfers, all Notes deposited by participants with DTC will be registered in the name of DTC's nominee, Cede & Co. The deposit of the Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC will have no knowledge of the actual beneficial owners of the Notes. DTC's records reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Oracle Corporation will make payments due on the Notes to Cede & Co., as nominee of DTC, in immediately available funds. DTC's practice upon receipt of any payment of principal, premium, interest or other distribution of underlying securities or other property to holders on that registered global note, is to immediately credit participants' accounts in amounts proportionate to their respective beneficial interests in that registered global note as shown on the records of the depository. Payments by participants to owners of beneficial interests in a registered global note held through participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of those participants. Payment to Cede & Co. is the responsibility of Oracle Corporation. Disbursement of such payments to direct participants is the responsibility of Cede & Co. Disbursement of such payments to the beneficial owners is the responsibility of direct and indirect participants. None of Oracle Corporation, the trustee or any other agent of ours or any agent of the trustee will have any responsibility or liability for any aspect of the records relating to payments made on account of beneficial ownership interests in the registered global note or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures. If a holder requires physical delivery of a definitive note for any reason, including to sell Notes to persons in jurisdictions that require such delivery of such Notes or to pledge such Notes, such holder must transfer its interest in the relevant global note in accordance with the normal procedures of DTC and the procedures set forth in the indenture.

Cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected by DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of the time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in the global note from a DTC participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and such credit of any transaction's interests in the global note settled during such processing day will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the DTC settlement date, but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

Oracle Corporation expects that DTC will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the DTC interests in a global note are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or



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participants has or have given such direction. However, if there is an event of default under the Notes, DTC will exchange each global note for definitive notes, which it will distribute to its participants.

Although Oracle Corporation expects that DTC, Euroclear and Clearstream will agree to the foregoing procedures in order to facilitate transfers of interests in each global note among participants of DTC, Euroclear and Clearstream, DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither Oracle Corporation nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If the depository for any of the Notes represented by a registered global note is at any time unwilling or unable to continue as depository or ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended (the Exchange Act), and a successor depository registered as a clearing agency under the Exchange Act is not appointed by Oracle Corporation within 90 days, Oracle Corporation will issue Notes in definitive form in exchange for the registered global note that had been held by the depository. Any Notes issued in definitive form in exchange for a registered global note will be registered in the name or names that the depository gives to the trustee or other relevant agent of or the trustee. It is expected that the depository's instructions will be based upon directions received by the depository from participants with respect to ownership of beneficial interests in the registered global note that had been held by the depository. In addition, Oracle Corporation may at any time determine that the Notes of either series shall no longer be represented by a global note and will issue Notes in definitive form in exchange for such global note pursuant to the procedure described above.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions, such as transfers and pledges, among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom own DTC. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission (the SEC).

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

The information in this section concerning DTC and DTC's book-entry system, as well as information regarding Euroclear and Clearstream, has been obtained from sources that Oracle Corporation believes to be reliable, but Oracle Corporation takes no responsibility for its accuracy or completeness. Oracle Corporation assumes no responsibility for the performance by DTC, Euroclear, Clearstream or their respective participants of their respective obligations, including obligations that they have under the rules and procedures that govern their operations.

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**Notices**

Notices to holders of the Notes will be made by first class mail, postage prepaid, to the addresses that appear on the security register of the Notes.

**Concerning Our Relationship with the Trustee**

Oracle Corporation maintains ordinary banking relationships and credit facilities with The Bank of New York, an affiliate of the trustee.

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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

In the opinion of Davis Polk & Wardwell LLP, the following are the material U.S. federal income tax consequences of ownership and disposition of the Notes. This discussion only applies to Notes that meet all of the following conditions:

they are purchased by those initial holders who purchase Notes at the issue price, which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money; and

they are held as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to holders in light of their particular circumstances or to holders subject to special rules, such as:

tax-exempt organizations;

regulated investment companies;