

ORACLE CORP
Form 424B2
April 02, 2008
Table of Contents

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 April 2, 2008

Preliminary Prospectus Supplement

(To Prospectus dated May 10, 2007)

\$

Oracle Corporation

\$ % Notes due 2013

\$ % Notes due 2018

\$ % Notes due 2038

Oracle Corporation is offering \$ aggregate principal amount of % notes due 2013 (the 2013 Notes), \$ aggregate principal amount of % notes due 2018 (the 2018 Notes) and \$ aggregate principal amount of % notes due 2038 (the 2038 Notes and, together with the 2013 Notes and the 2018 Notes, the Notes).

The 2013 Notes will bear interest at the rate of % per year, the 2018 Notes will bear interest at the rate of % per year, and the 2038 Notes will bear interest at the rate of % per year. Interest will be payable semi-annually on and , commencing , 2008. The 2013 Notes will mature on , 2013, the 2018 Notes will mature on , 2018 and the 2038 Notes will mature on , 2038. 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-9 of this prospectus supplement.

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

Investing in the Notes involves risks. See Risk Factors beginning on page S-9.

Edgar Filing: ORACLE CORP - Form 424B2

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	Underwriting discount ⁽¹⁾	Proceeds, before expenses, to Oracle
2013 Notes	%	%	%
Total	\$	\$	\$
2018 Notes	%	%	%
Total	\$	\$	\$
2038 Notes	%	%	%
Total	\$	\$	\$

(1) See Underwriting beginning on page S-30. Interest on the Notes will accrue from , 2008 to the date of delivery.

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 on or about , 2008, 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. See Underwriting beginning on page S-30. The Notes will be delivered through the facilities of The Depository Trust Company and its participants in New York, New York.

Joint Book-Running Managers

Citi
, 2008

Credit Suisse

Morgan Stanley

Table of Contents

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 state where the offer is not permitted. You should not assume that the information contained 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.

TABLE OF CONTENTS

	Page
Prospectus Supplement	
<u>Special Note on Forward-Looking Statements</u>	S-1
<u>About This Prospectus Supplement</u>	S-2
<u>Summary</u>	S-3
<u>Risk Factors</u>	S-9
<u>Use of Proceeds</u>	S-21
<u>Capitalization</u>	S-21
<u>Description of the Notes</u>	S-22
<u>Material U.S. Federal Income Tax Consequences</u>	S-27
<u>Underwriting</u>	S-30
<u>Validity of Securities</u>	S-33
<u>Experts</u>	S-33
<u>Where You Can Find More Information</u>	S-33
Prospectus	
<u>Oracle Corporation</u>	2
<u>Where You Can Find More Information</u>	3
<u>Special Note on Forward-Looking Statements</u>	4
<u>Use of Proceeds</u>	4
<u>Ratio of Earnings to Fixed Charges</u>	4
<u>Description of Capital Stock</u>	6
<u>Description of Debt Securities</u>	9
<u>Description of Warrants</u>	19
<u>Description of Purchase Contracts</u>	19
<u>Description of Units</u>	20
<u>Forms of Securities</u>	21
<u>Plan of Distribution</u>	23
<u>Validity of Securities</u>	25
<u>Experts</u>	25

Table of Contents

SPECIAL 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. Oracle claims 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, but are not limited to, those discussed in Risk Factors beginning on page S-9 of this prospectus supplement. 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:

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.

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. 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.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, 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.

S-2

Table of Contents

SUMMARY

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 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 have focused on strengthening our market position and enhancing our existing portfolio of products and services as well as acquiring and integrating new businesses.

On January 16, 2008, we entered into a definitive agreement with BEA Systems, Inc. ("BEA"), a provider of enterprise application and service infrastructure software, under which we have agreed to acquire all outstanding shares of BEA for \$19.375 per share in cash. The aggregate purchase price is estimated to be approximately \$8.6 billion. The transaction is expected to close in our fourth quarter of fiscal 2008 (which ends on May 31, 2008), subject to BEA stockholder approval, certain regulatory approvals and other 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 where general information about us is available. We are not incorporating the contents of the website into this prospectus supplement.

Table of Contents

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	<p>\$ principal amount of % Notes due 2013</p> <p>\$ principal amount of % Notes due 2018</p> <p>\$ principal amount of % Notes due 2038</p>
Maturity Dates	<p>, 2013 for the 2013 Notes</p> <p>, 2018 for the 2018 Notes</p> <p>, 2038 for the 2038 Notes</p>
Interest Rates	<p>Fixed rate of % for the 2013 Notes</p> <p>Fixed rate of % for the 2018 Notes</p> <p>Fixed rate of % for the 2038 Notes</p>
	Payable semi-annually in arrears in two equal payments.
Interest Payment Dates	Each and beginning on 2008.
Ranking	<p>The Notes will be the senior unsecured obligations of Oracle Corporation and will rank equally with all of its existing and future senior indebtedness. All existing and future liabilities of subsidiaries of Oracle Corporation will be effectively senior to the Notes.</p> <p>As of February 29, 2008, Oracle had approximately \$16.5 billion of total liabilities on a consolidated basis, including \$6.2 billion of senior notes and \$2 million of capital leases outstanding. Of this amount, subsidiaries of Oracle Corporation had approximately \$9.8 billion of liabilities (including trade payables) to which the Notes will be effectively subordinated.</p>
Governing Law	New York
Use of Proceeds	The net proceeds of this offering will be used to fund the purchase of BEA, for acquisition related expenses and for general corporate purposes.
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

Edgar Filing: ORACLE CORP - Form 424B2

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

S-4

Table of Contents

Optional Redemption	Oracle Corporation may redeem some or all of the Notes at any time at the make-whole premium redemption price indicated under the heading Description of the Notes Optional Redemption.
Trustee	The Bank of New York 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 Special Note on Forward-Looking Statements and Risk Factors before deciding whether to invest in the Notes.

Table of Contents**Summary Consolidated Financial Data**

Our summary consolidated financial information presented below as of and for the three years ended May 31, 2007 has been derived from our audited consolidated financial statements. The summary consolidated financial information as of and for the nine months ended February 29, 2008 and February 28, 2007 has been derived from our unaudited condensed consolidated financial statements and includes all adjustments (consisting of normal recurring items) which are, in our opinion, necessary for a fair presentation of our financial position as of such dates and results of operations for such periods. The results of operations for the nine months ended February 29, 2008 are not necessarily indicative of the results for our full fiscal year ending May 31, 2008.

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, 2007 and our Quarterly Reports on Form 10-Q for the quarterly periods ended August 31, 2007, November 30, 2007 and February 29, 2008, all of which are incorporated by reference herein.

(In millions, except per share amounts)	Nine Months Ended		Year Ended May 31,		
	February 29, 2008	February 28, 2007	2007	2006	2005
	(Unaudited)				
Statements of Operations Data:					
Revenues:					
New software licenses	\$ 4,371	\$ 3,401	\$ 5,882	\$ 4,905	\$ 4,091
Software license updates and product support	7,497	6,056	8,329	6,636	5,330
Services	3,323	2,710	3,785	2,839	2,378
Total revenues	15,191	12,167	17,996	14,380	11,799
Operating Expenses:					
Sales and marketing	3,153	2,632	3,907	3,177	2,511
Software license updates and product support	729	613	842	719	618
Cost of services	2,911	2,419	3,349	2,516	2,033
Research and development	2,007	1,596	2,195	1,872	1,491
General and administrative	608	503	692	555	550
Amortization of intangible assets	867	623	878	583	219
Other expenses	42	88	159	222	355
Total operating expenses	10,317	8,474	12,022	9,644	7,777
Operating income	4,874	3,693	5,974	4,736	4,022
Interest expense	(265)	(248)	(343)	(169)	(135)
Non-operating income, net	284	277	355	243	164
Income before provision for income taxes	4,893	3,722	5,986	4,810	4,051
Provision for income taxes	1,409	1,052	1,712	1,429	1,165
Net income	\$ 3,484	\$ 2,670	\$ 4,274	\$ 3,381	\$ 2,886
Earnings per share - basic	\$ 0.68	\$ 0.51	\$ 0.83	\$ 0.65	\$ 0.56
Earnings per share - diluted	\$ 0.67	\$ 0.51	\$ 0.81	\$ 0.64	\$ 0.55

Table of Contents

(In millions)	February 29, 2008	February 28, 2007 (Unaudited)	As of 2007	May 31, 2006	2005
Balance Sheet Data:					
Cash, cash equivalents and marketable securities	\$ 10,506	\$ 6,445	\$ 7,020	\$ 7,605	\$ 4,771
Working capital	8,901	4,334	3,496	5,044	385
Total assets	37,316	29,369	34,572	29,029	20,687
Short-term and other current borrowings	1	3	1,358	159	2,693
Notes payable and long-term debt, net of current portion	6,237	5,736	6,235	5,735	159
Total stockholders' equity	\$ 20,815	\$ 15,791	\$ 16,919	\$ 15,012	\$ 10,837

S-7

Table of Contents**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 BEA.

	Nine Months Ended		Year Ended May 31,				
	February 29, 2008	February 28, 2007	2007	2006	2005	2004	2003
Ratio of earnings to fixed charges	17x	15x	17x	25x	25x	68x	64x

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 income before provision for income taxes 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.

Table of Contents

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.

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 February 29, 2008, Oracle had approximately \$16.5 billion of total liabilities on a consolidated basis, including \$6.2 billion of senior notes and \$2 million of capital leases outstanding. Of this amount, subsidiaries of Oracle Corporation had approximately \$9.8 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.

Table of Contents

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 contains negative covenants. The limitation on liens and sale/leaseback covenants apply to Oracle Corporation, but not to its s