

ORACLE CORP  
Form 11-K  
May 20, 2011  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 11-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2010**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 000-51788**

**A. Full title of the plan and the address of the plan, if different from that of the issuer named below:**  
**ORACLE CORPORATION**

**401(k) SAVINGS AND INVESTMENT PLAN**

**B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:**

**ORACLE CORPORATION**

**500 Oracle Parkway**

**Redwood City, California 94065**

**Table of Contents**

**Oracle Corporation**

**401(k) Savings and Investment Plan**

**Financial Statements and Supplemental Schedule**

**As of December 31, 2010 and 2009 and for the Year Ended December 31, 2010**

**Table of Contents**

<u>Report of Sensiba San Filippo LLP, Independent Registered Public Accounting Firm</u>	1
Financial Statements:	
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statement of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to Financial Statements</u>	4
Supplemental Schedule:	
<u>Schedule H, Line 4(i) - Schedule of Assets (Held At End of Year)</u>	13
<u>Signature</u>	14
<u>Index to Exhibits</u>	15
<u>Exhibit 23.01</u>	

**Table of Contents**

Report of Sensiba San Filippo LLP, Independent Registered Public Accounting Firm

To the participants and Plan Committee of the Oracle Corporation 401(k) Savings and Investment Plan

We have audited the accompanying statements of net assets available for benefits of the Oracle Corporation 401(k) Savings and Investment Plan (the Plan) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2010 and 2009, and the changes in its net assets available for benefits for the year ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2010, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ SENSIBA SAN FILIPPO LLP

San Mateo, California

May 20, 2011

**Table of Contents****Oracle Corporation****401(k) Savings and Investment Plan****Statements of Net Assets Available for Benefits****As of December 31, 2010 and 2009**

(in thousands)	December 31,	
	2010	2009
<b>Assets</b>		
Cash	\$ 144	\$ 82
Investments, at fair value	7,836,965	3,629,719
Receivables:		
Notes receivable from participants	71,064	32,803
Participant contributions	10,675	7,628
Employer contributions	4,128	2,881
Amounts due from broker for securities sold	777	423
<b>Total receivables</b>	<b>86,644</b>	<b>43,735</b>
<b>Total assets</b>	<b>7,923,753</b>	<b>3,673,536</b>
<b>Liabilities</b>		
Excess deferrals due to participants	49	38
Other liabilities	332	
<b>Total liabilities</b>	<b>381</b>	<b>38</b>
<b>Net assets available for benefits</b>	<b>7,923,372</b>	<b>3,673,498</b>
Adjustment from fair value to contract value for common/collective trust fund investment contracts	(3,368)	3,090
<b>Net assets available for benefits</b>	<b>\$ 7,920,004</b>	<b>\$ 3,676,588</b>

See notes to financial statements.

**Table of Contents****Oracle Corporation****401(k) Savings and Investment Plan****Statement of Changes in Net Assets Available for Benefits****For the Year Ended December 31, 2010****(in thousands)**

<b>Additions</b>	
Interest and dividends	\$ 107,876
Net appreciation in fair values of investments	902,874
Total investment income	1,010,750
Contributions:	
Merged plan	3,076,565
Participants	396,797
Employer	110,548
Rollovers	64,580
Total contributions	3,648,490
Total additions, net	4,659,240
<b>Deductions</b>	
Benefits paid to participants	414,834
Administrative expenses	990
Total deductions	415,824
<b>Net increase</b>	<b>4,243,416</b>
Net assets available for benefits at beginning of year	3,676,588
<b>Net assets available for benefits at end of year</b>	<b>\$ 7,920,004</b>

See notes to financial statements.

---

**Table of Contents**

**Oracle Corporation**

**401(k) Savings and Investment Plan**

**Notes to Financial Statements**

**December 31, 2010**

**1. Description of the Plan**

The following description of the Oracle Corporation 401(k) Savings and Investment Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

***General***

The Plan is a defined contribution plan originally established in 1986 that has since been amended and for which Oracle Corporation (Oracle) is the current sponsor. The Plan was established for the purpose of providing retirement benefits for the U.S. employees of Oracle and its subsidiaries. The Plan is intended to qualify as a profit sharing plan under Section 401(a) of the Internal Revenue Code of 1986 (the Code) with a salary reduction feature qualified under Section 401(k) of the Code. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan is administered by the 401(k) Committee, members of which are appointed by Oracle's Board of Directors or Senior Vice President, Human Resources. Fidelity Investments Institutional Operations Company, Inc. is a fiduciary of the Plan and also serves as the record keeper to maintain the individual accounts of each of the Plan's participants.

***Eligibility***

All employees regularly scheduled to work a minimum of 20 hours per week or 1,000 hours in a Plan year on the domestic payroll of Oracle and its subsidiaries that have adopted the Plan are eligible to participate in the Plan as of the first date, or any succeeding entry date next following the date the employee is credited with one hour of service with Oracle. However, the following employees or classes of employees are not eligible to participate: (i) employees whose compensation and conditions of employment are subject to determination by collective bargaining; (ii) employees who are non-resident aliens and who received no earned income (within the meaning of the Code) from Oracle; (iii) employees employed in third-party temporary status; (iv) employees of employment agencies; and (v) persons who are not classified as employees for tax purposes.

***Contributions***

Each year, participants may contribute up to 40% of their eligible compensation as defined by the Plan document. Through July 31, 2009, unused flex credits available to participants from their employment with Oracle were allowed to be used as additional salary deferrals. The use of such flex credits is no longer allowed. Annual participant contribution amounts are limited to \$16,500 of salary deferrals for the year ended December 31, 2010 (\$22,000 for participants 50 years old and older), as determined by the Internal Revenue Service (IRS). Salary deferrals consist of pre-tax and/or Roth 401(k) contributions. Roth 401(k) contributions were introduced to the Plan for the pay period beginning May 1, 2009.

Oracle matches 50% of an active participant's salary deferrals up to a maximum deferral of 6% of compensation for the pay period, with maximum aggregate matching of \$5,100 in any calendar year. Oracle has the right, under the Plan, to discontinue or modify its matching contributions at any time. Participants may also contribute amounts representing distributions from other qualified plans. All of Oracle's matching contributions are made in cash on a pre-tax basis.

In January 2010, Oracle completed its acquisition of Sun Microsystems, Inc. In June 2010, approximately \$3.1 billion of assets were transferred from the Sun Microsystems, Inc. Tax Deferred Retirement Savings Plan into the Plan and are included as contributions from merged plan within the statement of changes in net assets available for benefits.

***Investment Options***

Participants direct the investment of their contributions and Oracle's matching contributions into various investment options offered by the Plan. The Plan currently offers investments in Oracle's common stock, common/collective trust funds, mutual funds and Brokerage Link. Brokerage

## Edgar Filing: ORACLE CORP - Form 11-K

Link balances consist of the mutual funds offered by the Plan, as well as mutual funds offered by other registered investment companies, common stock or other investment products.



**Table of Contents**

**Oracle Corporation**

**401(k) Savings and Investment Plan**

**Notes to Financial Statements - (Continued)**

**December 31, 2010**

***Participant Accounts***

Each participant's account is credited with the participant's and Oracle's contributions and allocations of plan earnings. All amounts in participant accounts are participant directed.

***Vesting***

All elective contributions made by participants and earnings on those contributions are 100% vested at all times. Participants' vesting in Oracle's matching contributions is based on years of service. Participants are 25% vested after one year of service and vest an additional 25% on each successive service anniversary date, becoming 100% vested after four years of service.

Participants forfeit the nonvested portion of their accounts in the Plan upon termination of employment with Oracle. Forfeited balances of terminated participants' nonvested accounts may be used at Oracle's discretion, as outlined in the Plan, to reduce its matching contribution obligations. During the year ended December 31, 2010, Oracle used \$2,502,000 of forfeited balances to reduce its matching contribution obligations. The amounts of unallocated forfeitures at December 31, 2010 and 2009 were \$1,006,000 and \$864,000, respectively.

***Notes Receivable from Participants***

Participants may borrow from their fund accounts a minimum of \$1,000 and up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less. Loan terms may not exceed five years unless the loan is used to purchase a participant's principal residence, in which case repayment terms may not exceed ten years. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing lending rates determined by the 401(k) Committee. Principal and interest is paid ratably through payroll deductions. Loans are generally due in full within 60 days of termination with Oracle unless the participant arranges for loan repayments to continue via monthly debit from a checking or savings account in a bank located in the United States.

As a result of the adoption of the Financial Accounting Standards Board's (FASB) Accounting Standards Update 2010-25, *Plan Accounting - Defined Contribution Plans*, the Plan retrospectively classified participant loans as notes receivable from participants in the statements of net assets available for benefits and measured them at their unpaid principal balance plus any accrued but unpaid interest.

***Payment of Benefits***

Upon termination of service, death, disability, or normal or early retirement, participants may elect to receive a lump-sum amount equal to the vested value of their account or may waive receipt of a lump sum benefit and elect to receive monthly installments, or may request a rollover from the Plan to another eligible retirement plan. If the participant's account is valued at \$1,000 or less, the amount is distributed in a lump sum. Distributions of investments in Oracle's common stock may be taken in the form of common stock. Hardship withdrawals are permitted if certain criteria are met.

***Investment Management Fees and Operating Expenses***

Investment management fees and operating expenses charged to the Plan for investments in the various funds are deducted from income earned on a daily basis and are reflected as a component of net appreciation in fair values of investments.

***Administrative Expenses***

## Edgar Filing: ORACLE CORP - Form 11-K

Administrative expenses are borne by Oracle, except for fees related to administration of participant loans, which are deducted from the applicable participants' accounts.

### ***Plan Termination***

Although it has not expressed any intent to do so, Oracle has the right, under provisions of the Plan, to terminate the Plan, subject to the provisions of ERISA. In the event of the Plan's termination, participants will become 100% vested in their accounts.

**Table of Contents**

**Oracle Corporation**

**401(k) Savings and Investment Plan**

**Notes to Financial Statements - (Continued)**

**December 31, 2010**

**2. Summary of Significant Accounting Policies and Recent Accounting Pronouncements**

***Basis of Accounting and Presentation***

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Certain prior year amounts have been reclassified to conform to the current year's presentation. Such reclassifications did not affect net assets available for benefits.

***Investment Valuation and Income Recognition***

The Plan's investments are stated at their fair values with the exceptions of Galliard Stable Value Fund (a separately-managed account fund investment) and Fidelity Managed Income Portfolio II Fund (a common/collective trust fund investment), which are stated at their fair values with the related adjustment amounts from their contract values in the statements of net assets available for benefits at December 31, 2010 and 2009. The statement of changes in net assets available for benefits is prepared on a contract value basis. The shares of registered investment companies are valued at quoted market prices. The money market funds are valued at cost plus accrued interest, which approximated fair values. Common stock, including Oracle's common stock, is traded on a national securities exchange and is valued at the last reported sales price on the last day of the Plan year. The valuation techniques used to measure the fair values of our separately-managed account fund investment and common/collective trust funds are included in Note 4 below.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

The Oracle Stock Fund (the Fund) is tracked on a unitized basis. The Fund consists of Oracle common stock and the Fidelity Institutional Money Market Fund sufficient to meet the Fund's daily cash needs. Unitizing the Fund allows for daily trades. The value of a unit reflects the combined market value of Oracle common stock and the cash investments held by the Fund. At December 31, 2010, 2,994,870 units were outstanding with a value of \$220.00 per unit. At December 31, 2009, 2,969,257 units were outstanding with a value of \$171.61 per unit.

***Fair Value Measurements***

The Plan performs fair value measurements in accordance with FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (ASC 820). Refer to Note 3 for the fair value measurement disclosures associated with the Plan's investments.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

***Risks and Uncertainties***

The Plan provides for various investment options in common stock, registered investment companies (mutual funds), and short-term investments. The Plan's exposure to credit losses in the event of nonperformance of investments is limited to the carrying value of such investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risk. During the year ended December 31, 2010, net appreciation in fair values of investments totaled \$903 million. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such

## Edgar Filing: ORACLE CORP - Form 11-K

changes could materially affect the amounts reported in the statements of net assets available for benefits, participant account balances and the statement of changes in net assets available for benefits.

**Table of Contents**

**Oracle Corporation**

**401(k) Savings and Investment Plan**

**Notes to Financial Statements - (Continued)**

**December 31, 2010**

***Recent Accounting Pronouncements***

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, *Improving Disclosures about Fair Value Measurements (Topic 820) - Fair Value Measurements and Disclosures* (ASU 2010-06), to add additional disclosures about the different classes of assets and liabilities measured at fair value, the valuation techniques and inputs used, and the activity in Level 3 fair value measurements (as defined in Note 3 below). Certain provisions of this update will be effective in the year ending December 31, 2011 and the Plan is currently evaluating the impact of the pending adoption of ASU 2010-06 on the Plan's financial statements.

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) Fair Value Measurement* (ASU 2011-04), to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. ASU 2011-04 is effective for the Plan prospectively for the year ending December 31, 2012. The Plan is currently evaluating the impact of pending adoption of ASU 2011-04 on its financial statements.

**3. Fair Value Measurements**

The Plan performs fair value measurements in accordance with ASC 820. ASC 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at their fair values, the Plan considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the assets or liabilities, such as inherent risk, transfer restrictions and risk of nonperformance.

ASC 820 also establishes a fair value hierarchy that requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset's or liability's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**Table of Contents****Oracle Corporation****401(k) Savings and Investment Plan****Notes to Financial Statements - (Continued)****December 31, 2010*****Investments Measured at Fair Value on a Recurring Basis***

Investments measured at fair value on a recurring basis consisted of the following types of instruments (Level 1 and 2 inputs are defined above):

(in thousands)	December 31, 2010		
	Fair Value Measurements Using Input Type		
	Level 1	Level 2	Total
Money market funds	\$ 74,700	\$	\$ 74,700
U.S. government securities and other	2,426		2,426
Common stock	740,422		740,422
Mutual funds	5,807,463		5,807,463
Common/collective trust funds		1,211,954	1,211,954
Total investments measured at fair value	\$ 6,625,011	\$ 1,211,954	\$ 7,836,965

(in thousands)	December 31, 2009		
	Fair Value Measurements Using Input Type		
	Level 1	Level 2	Total
Money market funds	\$ 45,569	\$	\$ 45,569
U.S. government securities and other	1,641		1,641
Common stock	557,235		557,235
Mutual funds	2,779,318		2,779,318
Common/collective trust funds		245,956	245,956
Total investments measured at fair value	\$ 3,383,763	\$ 245,956	\$ 3,629,719

The Plan's valuation methodology used to measure the fair values of money market funds, U.S. government securities and other, common stock and mutual funds were derived from quoted market prices as substantially all of these instruments have active markets. The valuation techniques used to measure the fair values of the separately-managed account fund investment and common/collective trust funds are included in Note 4 below.

**4. Composition and Valuation of Certain Plan Investments and Other Plan Investments Disclosures*****Galliard Stable Value Fund***

During the year ended December 31, 2010, the Plan introduced Galliard Stable Value Fund (Galliard Fund) in order to provide broader investment options to the participants. The Galliard Fund is exclusively managed for the Plan by Galliard Capital Management, Inc. The Galliard Fund invests in common/collective trust funds. These common collective trust funds invest in fixed income securities or bond funds, futures contracts, swap agreements and also enter into liquidity agreements, commonly referred to as wrap contracts, issued by insurance companies and other financial institutions. The issuer of the wrap contract guarantees a minimum rate of return and provides full benefit responsiveness, provided that all terms of the wrap contract have been met. Wrap contracts are normally purchased from issuers rated in the top

## Edgar Filing: ORACLE CORP - Form 11-K

three long-term rating categories (equaling A- or above) as determined by any of the nationally recognized rating organizations. A portion of the Galliard Fund is invested in a money market fund to provide daily liquidity. The Galliard Fund is credited with contributions from participants and earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The fair value of the Galliard Fund equals the total of the fair values of the underlying assets plus the total wrap contract rebid value, which is calculated by discounting the annual rebid fee, due to rebid, over the duration of the contract's assets.

As of December 31, 2010, there were no reserves against the wrap contracts carrying values due to credit risks of the issuers. The crediting interest rates for the wrap contracts are based upon a formula agreed with the issuer with the requirement that interest rates may not be less than zero percent. Interest rates are reviewed on a monthly basis for resetting. Certain events limit the ability of the Plan to transact at contract value with the wrap issuer. However, the Plan's management is not aware

---

**Table of Contents**

**Oracle Corporation**

**401(k) Savings and Investment Plan**

**Notes to Financial Statements - (Continued)**

**December 31, 2010**

of the occurrence or likely occurrence of any such events, which would limit the Plan's ability to transact at contract value with participants. The issuer may terminate a wrap contract at any time.

The fair value of underlying assets of the Galliard Fund other than the wrap contracts, which included investments in money market funds and various debt and fixed income securities, was determined based on fair value information provided by the trustees of the underlying common/collective trust funds. Fair value was determined by the trustees of the underlying common/collective trust funds using a combination of readily available most recent market bid prices in the principal markets where such funds and securities were traded, pricing services that use valuation matrices incorporating dealer supplied valuations and valuation models, valuation inputs such as the structure of the issue, cash flow assumptions and the value of underlying assets and guarantees. The fair value of the wrap contracts was determined using a discounted cash flow model using market data and considers recent fee bids as determined by recognized dealers.

The statement of net assets available for benefits includes the fair value of the underlying assets and wrap contracts of the Galliard Fund based on the proportionate ownership of the Plan's participants.

The average yields earned by the Plan for all wrap contracts held by the Galliard Fund was approximately 2.09% for the year ended December 31, 2010. The average yields earned by the Plan for all wrap contracts held by the Galliard Fund based on the actual interest rates credited to participants was approximately 1.91% for the year ended December 31, 2010.

***Vanguard Target Retirement Trusts***

During the year ended December 31, 2010, the Plan also introduced Vanguard Target Retirement Trusts, which are more specifically defined as per Schedule H, Line 4(i) Schedule of Assets (Held at End of Year) as of December 31, 2010, and included below as a part of the Plan's financial statements (Vanguard Trusts), in order to provide broader investment options to participants. The Vanguard Trusts are common/collective trust funds sponsored and maintained by Vanguard Fiduciary Trust Company. The Vanguard Trusts invest in Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire or leave the workforce in or within a few years of the target year. The underlying mutual funds that the Vanguard Trusts held may have included the Vanguard Total Stock Market Index Fund, Vanguard Total Bond Market II Index Fund, Vanguard Total International Stock Index Fund, Vanguard Inflation-Protected Securities Fund, and Vanguard Prime Money Market Fund. Each of the Vanguard Trusts' indirect stock holdings (through its mutual fund holdings) consisted substantially of large-capitalization U.S. stocks and, to a lesser extent, mid- and small-cap U.S. stocks and international stocks. Each of the Vanguard Trusts' indirect bond holdings consisted of a diversified mix of investment-grade taxable U.S. government, U.S. government agency and corporate bonds as well as inflation-protected and mortgage-backed securities. Each of the Vanguard Trusts' indirect money market holdings consisted of high-quality, short-term money market instruments.

The trustee, Vanguard Fiduciary Trust Company, determines the fair values of the Vanguard Trusts' units each day the New York Stock Exchange is open for trading (Valuation Date). Each of the Vanguard Trusts' unit prices is calculated by dividing the total assets of the master trust less all liabilities by the number of trust units outstanding on the Valuation Date. All investments of the master trust are valued based on quoted market prices as substantially all of these instruments have active markets.

***Fidelity Managed Income Portfolio II Fund***

In June 2010, the Fidelity Managed Income Portfolio II Fund (MIP) was closed to new participants and existing investments began to be transitioned to the Galliard Fund. It is expected that this transition will be completed during the year ending December 31, 2011. The MIP is an open-end, commingled pool of the Fidelity Group Trust for Employee Benefit Plans and is dedicated exclusively to the management of assets of defined contribution plans. The MIP invests in underlying assets, typically fixed income securities or bond funds, futures contracts and swap agreements and enters into liquidity agreements, commonly referred to as wrap contracts, issued by insurance companies and other financial institutions for a fee. A portion of the MIP is invested in a money market fund to provide daily liquidity. The MIP is credited with earnings on



## Edgar Filing: ORACLE CORP - Form 11-K

the underlying investments and charged for participant withdrawals and administrative expenses. The issuer of the wrap contract guarantees a minimum rate of return and provides full benefit responsiveness, provided that all terms of the wrap contract have been met. Wrap contracts are normally purchased from issuers rated in the top three long-term rating categories (equaling A- or above) as determined by any of the nationally recognized rating organizations. The fair value of the MIP equals the total of

**Table of Contents****Oracle Corporation****401(k) Savings and Investment Plan****Notes to Financial Statements - (Continued)****December 31, 2010**

the fair values of the underlying assets plus the total wrap contract rebid value, which is calculated by discounting the annual rebid fee, due to rebid, over the duration of the contract's assets.

As of December 31, 2010, there were no reserves against the wrap contracts carrying values due to credit risks of the issuers. The crediting interest rates for the wrap contracts are based upon a formula agreed with the issuer with the requirement that interest rates may not be less than zero percent. Effective August 2009, interest rates were reviewed on a monthly basis for resetting instead of being reviewed on a quarterly basis. Certain events limit the ability of the Plan to transact at contract value with the wrap issuer. However, the Plan's management is not aware of the occurrence or likely occurrence of any such events, which would limit the Plan's ability to transact at contract value with participants. The issuer may terminate a wrap contract at any time.

The fair value of underlying assets of the MIP other than the wrap contracts, which included investments in money market funds and various debt and fixed income securities, was determined by the trustees of the MIP using a combination of readily available most recent market bid prices in the principal markets where such funds and securities were traded, pricing services that use valuation matrices incorporating dealer supplied valuations and valuation models, valuation inputs such as the structure of the issue, cash flow assumptions and the value of underlying assets and guarantees. The fair value of the wrap contracts was determined using a discounted cash flow model using market data and considers recent fee bids as determined by recognized dealers.

The statement of net assets available for benefits included the fair value of the underlying assets and wrap contracts of the MIP based on the proportionate ownership of the Plan's participants.

The average yields earned by all wrap contracts held by the MIP and attributable to the Plan were approximately 2.25% and 2.74% for the years ended December 31, 2010 and 2009, respectively. The average yields earned by the Plan for these wrap contracts based on the actual interest rates credited to participants were approximately 1.82% and 1.53% for the years ended December 31, 2010 and 2009, respectively.

**Other Plan Investments Disclosures**

The fair values of individual investments that represented 5% or more of the Plan's net assets available for benefits at December 31, 2010 and 2009, were as follows:

(in thousands)	December 31,	
	2010	2009
Fidelity Contrafund Class K	\$ 955,820	\$ 408,981
Vanguard Inst Index Fund Inst Plus Shares	\$ 776,257	\$ 162,088
Oracle Corporation Common Stock	\$ 652,483	\$ 505,032
Galliard Stable Value Fund	\$ 602,981	\$
PIMCO Total Return Inst CL	\$ 554,048	\$ 245,021
Dodge & Cox Stock	\$ 543,173	\$ 8,571
Fidelity Low-Priced Stock Fund Class K	\$ 443,450	\$ 114,060
Dodge & Cox International Stock	\$ 418,573	\$ 217,652
Fidelity Growth Company Fund Class K	\$ 416,993	\$ 229,959
Lazard Emerging Markets Equity Instl CL	\$ 348,267	\$ 219,140
Fidelity Managed Income Portfolio II CL 3 (MIP)	\$ 85,808	\$ 245,956

For the year ended December 31, 2010, the Plan's investments, including investments purchased and sold, as well as held during the year, net appreciated in fair value as follows:



**Table of Contents**

**Oracle Corporation**

**401(k) Savings and Investment Plan**

**Notes to Financial Statements - (Continued)**

**December 31, 2010**

(in thousands)	Net Realized and Unrealized Appreciation in Fair Value of Investments
Shares of registered investment companies	\$ 748,667
Common stock	153,700
Limited partnership and other	507
	\$ 902,874

**5. Income Tax Status**

The Plan has received a determination letter from the IRS, dated August 1, 2003, stating that the Plan is qualified under Section 401(a) of the Code, and therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan has since been amended. The 401(k) Committee believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt. On November 23, 2009, an application was filed with the IRS for an advance determination as to whether the Plan meets the qualification requirements of Section 401(a) of the Code. A letter was received from the IRS on March 30, 2011 requesting further information. A response to this letter was sent on May 10, 2011. A reply from the IRS is awaited. Certain federal and state income tax returns from prior years are subject to examination by the IRS and state departments of revenue.

**6. Party-in-Interest Transactions**

Transactions in shares of Oracle common stock qualify as party-in-interest transactions under the provisions of ERISA. During the year ended December 31, 2010, the Plan made purchases of approximately \$74,311,000 and sales of approximately \$51,176,000 of Oracle common stock. In addition, the Plan made in-kind transfers of Oracle common stock to participants of approximately \$19,614,000 during the year ended December 31, 2010.

As noted in Note 1 above, Fidelity Investments Institutional Operations Company, Inc. is a fiduciary of the Plan and also serves as the record keeper to maintain the individual accounts of each Plan participant.

**7. Differences between Financial Statements and Form 5500**

The following is a reconciliation of the net assets available for benefits per the financial statements to the Plan's Form 5500 (in thousands):

	December 31,	
	2010	2009
Net assets available for benefits per the financial statements	\$ 7,923,372	\$ 3,673,498
Amounts allocated to withdrawing participants and other	(1,736)	(492)

Edgar Filing: ORACLE CORP - Form 11-K

Net assets available for benefits per the Form 5500	\$ 7,921,636	\$ 3,673,006
---	--------------	--------------

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements to the Plan's Form 5500 (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
Net increase in net assets available for benefits per the financial statements	\$ 4,243,416	\$ 1,058,041
Net change in fair value adjustment of Fidelity Managed Income Portfolio II Fund	3,936	6,279
Net change in fair value adjustment of Galliard Stable Value Fund	2,522	
Net change in amounts allocated to withdrawing participants and other	(1,244)	(198)
Merged plan	(3,076,565)	
 Net gain per the Form 5500	 \$ 1,172,065	 \$ 1,064,122

**Table of Contents**

**Oracle Corporation**

**401(k) Savings and Investment Plan**

**Notes to Financial Statements - (Continued)**

**December 31, 2010**

The fair value adjustments represent the difference between contract values of the Galliard Fund and the MIP as included in the statements of changes in net assets available for benefits for the years ended December 31, 2010 and 2009, and the respective fair values of the Galliard Fund and the MIP as reported in the respective Form 5500. Amounts allocated to withdrawn participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to each respective year-end but not yet paid. The merged plan amount represents assets contributed to the Plan from the Sun Microsystems, Inc. Tax Deferred Retirement Savings Plan that was merged into the Plan during the year ended December 31, 2010 and is included as an increase in net assets available for benefits per the Plan's financial statements.

**8. Excess Contributions**

Contributions received from participants for the plan year ended December 31, 2010 include \$49,000 of excess contributions (net of corresponding gains and losses) that were remitted during January 2011 through April 2011 to certain active participants. The excess deferral contributions, originally deducted in the year ended December 31, 2010, were returned to comply with the participants' applicable maximum annual contributions permitted under the Code. The amount is included in the Plan's statement of net assets available for benefits as excess deferrals due to participants at December 31, 2010.

**Table of Contents****Oracle Corporation****401(k) Savings and Investment Plan**

EIN 54-2185193, Plan # 001

**Schedule H, Line 4(i) Schedule of Assets (Held at End of Year)**

December 31, 2010

		(c)	
(b)		Description of Investment, Including	
Identity of Issue, Borrower,		Maturity Date, Rate of Interest,	
(a)	Lessor, or Similar Party	Collateral, Par or Maturity Value	(e) Current Value (in thousands)
	Mutual Funds:		
	Artisan International	8,812,830 shares	\$ 191,238
	Artisan Small Cap Value	8,952,070 shares	150,842
	Dodge & Cox International Stock	11,721,445 shares	418,573
	Dodge & Cox Stock	5,040,583 shares	543,173
*	Fidelity Balanced Fund Class K	10,999,409 shares	200,519
*	Fidelity Contrafund Class K	14,118,462 shares	955,820
*	Fidelity Growth Company Fund Class K	5,017,969 shares	416,993
*	Fidelity Low-Priced Stock Fund Class K	11,560,219 shares	443,450
*	Fidelity Worldwide Fund	5,652,189 shares	105,470
	Lazard Emerging Markets Equity Inst CL	15,990,218 shares	348,267
	Perkins Mid Cap Value Fund Class I	11,132,720 shares	251,265
	PIMCO Total Return Inst CL	51,064,301 shares	554,048
	Spartan International Index Fund Investor Class	1,220,146 shares	42,913
	TCM Small Mid Cap Growth	6,397,292 shares	119,885
	Vanguard Extended Market Index Fund Inst Shares	1,891,246 shares	78,052
	Vanguard Inst Index Fund Inst Plus Shares	6,749,472 shares	776,257
	Vanguard Total Bond Market Index Fund Inst Plus Shares	14,969,267 shares	158,674
			5,755,439
	Assets in Brokerage Link accounts	Various investments, including registered investment companies, common stocks, money market funds and cash	206,164
*	Oracle Corporation Common Stock	20,846,110 shares	652,483
*	Fidelity Institutional Money Market Fund	6,836,756 shares	6,837
*	Fidelity Government Money Market Fund	4,088,350 shares	4,088
	Common/collective trust funds:		
	Galliard Stable Value Fund	600,458,711 shares	602,981
*	Fidelity Managed Income Portfolio II CL 3	84,962,871 shares	85,808
	Vanguard Target Retirement Income Trust I	769,389 shares	27,021
	Vanguard Target Retirement 2005 Trust I	101,407 shares	3,352
	Vanguard Target Retirement 2010 Trust I	764,216 shares	25,005
	Vanguard Target Retirement 2015 Trust I	1,275,327 shares	40,530
	Vanguard Target Retirement 2020 Trust I	4,184,538 shares	129,846
	Vanguard Target Retirement 2025 Trust I	2,300,497 shares	69,130
	Vanguard Target Retirement 2030 Trust I	3,399,663 shares	99,474
	Vanguard Target Retirement 2035 Trust I	1,716,933 shares	49,602
	Vanguard Target Retirement 2040 Trust I	1,879,456 shares	54,542
	Vanguard Target Retirement 2045 Trust I	542,907 shares	15,701
	Vanguard Target Retirement 2050 Trust I	308,290 shares	8,962

## Edgar Filing: ORACLE CORP - Form 11-K

Total investments, at fair value		\$	7,836,965
* Participant loans	4.0% - 11.5%, maturing through 2021	\$	71,064

\* Indicates a party-in-interest to the Plan.

Column (d), cost, has been omitted, as all investments are participant directed.



**Table of Contents**

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the persons who administer the employee benefit plan have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

**ORACLE CORPORATION**

**401(k) SAVINGS AND INVESTMENT PLAN**

Date: May 20, 2011

By: /s/ PETER W. SHOTT  
Peter W. Shott  
Vice President of Human Resources

**Table of Contents**

**INDEX TO EXHIBITS**

**Exhibit**

<b>Number</b>	<b>Exhibit Title</b>
23.01	Consent of Sensiba San Filippo LLP, Independent Registered Public Accounting Firm