# EXHIBIT 17

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

# FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended May 31, 2006**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission file number: 000-51788**

# Oracle Corporation
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **54-2185193** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. employer identification no.)** |

**500 Oracle Parkway**
**Redwood City, California 94065**
**(Address of principal executive offices, including zip code)**

**(650) 506-7000**
**(Registrant's telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act:**
**None**

**Securities registered pursuant to Section 12(g) of the Act:**
**Common Stock, par value $0.01 per share**
**Preferred Stock Purchase Rights**
**(Title of class)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.
Large Accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant was $50,563,353,103 based on the number of shares held by non-affiliates of the registrant as of May 31, 2006, and based on the reported last sale price of common stock on November 30, 2005, which is the last business day of the registrant's most recently completed second fiscal quarter. This calculation does not reflect a determination that persons are affiliates for any other purposes.

Number of shares of common stock outstanding as of July 17, 2006: 5,238,329,303

**Documents Incorporated by Reference:**

Part III—Portions of the registrant's definitive proxy statement to be issued in conjunction with registrant's annual stockholders' meeting to be held on October 9, 2006.

Statement 123(R) also requires a portion of the benefits of tax deductions resulting from the exercise of stock options to be reported as a financing cash flow, rather than as an operating cash flow. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. Total cash flow will remain unchanged from what would have been reported under prior accounting rules.

As permitted by Statement 123, we accounted for share-based payments to employees using Opinion 25's intrinsic value method up to May 31, 2006. Although the adoption of Statement 123(R)'s fair value method will have no adverse impact on our balance sheet or total cash flows, it will affect our net income and earnings per share. The actual effects of adopting Statement 123(R) will depend on numerous factors including the amounts of share-based payments granted in the future, the valuation model we use to value future share-based payments to employees and estimated forfeiture rates. We estimate that stock-based compensation expense will reduce diluted earnings per share by $0.02 to $0.03 in fiscal 2007 as a result of the adoption of Statement 123(R).

*Accounting Changes and Error Corrections:* On June 7, 2005, the FASB issued Statement No. 154, *Accounting Changes and Error Corrections*, a replacement of APB Opinion No. 20, *Accounting Changes*, and Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*. Statement 154 changes the requirements for the accounting for and reporting of a change in accounting principle. Previously, most voluntary changes in accounting principles required recognition of a cumulative effect adjustment within net income of the period of the change. Statement 154 requires retrospective application to prior periods' financial statements, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Statement 154 is effective for accounting changes made in fiscal years beginning after December 15, 2005; however, the Statement does not change the transition provisions of any existing accounting pronouncements. We do not believe adoption of Statement 154 will have a material effect on our consolidated financial position, results of operations or cash flows.

*Accounting for Uncertainty in Income Taxes:* On July 13, 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109.* Interpretation 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with Statement 109 and prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Additionally, Interpretation 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Interpretation 48 is effective for fiscal years beginning after December 15, 2006, with early adoption permitted. We are currently evaluating whether the adoption of Interpretation 48 will have a material effect on our consolidated financial position, results of operations or cash flows.

## 2. ACQUISITIONS

### Fiscal 2006 Acquisitions

***Siebel Systems, Inc.***

On January 31, 2006 (Acquisition Date), we completed our acquisition of Siebel pursuant to our Merger Agreement dated September 12, 2005. We acquired Siebel to expand our presence in the customer relationship management (CRM) applications software market. Siebel's results of operations are included in our consolidated statements of operations from the Acquisition Date. The total purchase price for Siebel was $6.1 billion and is comprised of:

| | (in millions) |
|---|---|
| Acquisition of the 546 million shares of outstanding common stock of Siebel at $10.66 per share: | |
| In cash (382 million shares) | $ 4,073 |
| In exchange for Oracle stock (164 million Siebel shares converted to 141 million Oracle shares) | 1,763 |
| Fair value of Siebel stock options assumed and restricted stock awards exchanged | 245 |
| Acquisition related transaction costs | 49 |
| Total purchase price | $ 6,130 |

*Acquisition of common stock:* Pursuant to the Merger Agreement, each share of Siebel common stock was converted into the right to receive either (a) $10.66 in cash or (b) a number of shares of Oracle common stock equal to the number of Siebel shares of common stock multiplied by 0.8593, which is $10.66 divided by the average closing price of Oracle Common Stock on the Nasdaq Stock Market over the ten trading days immediately preceding (but not including) the Acquisition Date (Average Oracle Stock Price). Since 32.68% of Siebel stockholders elected to receive Oracle common stock, the consideration was prorated, in accordance with the Merger Agreement, whereby Siebel stockholders electing stock received approximately $156 million in cash and 141 million Oracle shares of common stock (or approximately $0.8752 in cash and 0.7888 shares of Oracle common stock for each Siebel share). The fair value of stock issued was $12.53, which represented the average closing price of our common stock for the three trading days up to and including the Acquisition Date.

*Fair value of estimated options assumed and restricted stock awards exchanged:* As of January 31, 2006, Siebel had approximately 80 million stock options and restricted stock awards outstanding. In accordance with the Merger Agreement, the conversion value of each option assumed was based on the exercise price of each Siebel option multiplied by the conversion ratio of 0.8576, which was the closing sale price of a share of Siebel common stock on January 30, 2006 divided by the Average Oracle Stock Price. The fair value of options assumed and awards exchanged was determined using an average price of $12.53 and calculated using a Black-Scholes-Merton valuation model with the following assumptions: expected life of 0.25 to 7.23 years, risk-free interest rate of 4.45 – 4.59%, expected volatility of 24% and no dividend yield. The portion of the estimated intrinsic value of unvested Siebel options and restricted stock awards related to future service has been allocated to deferred stock-based compensation and is being amortized using the accelerated expense attribution method over the remaining vesting period.

*Acquisition related transaction costs:* Acquisition related transaction costs include estimated investment banking fees, legal and accounting fees and other external costs directly related to the acquisition.

*Preliminary Purchase Price Allocation*

Under business combination accounting, the total purchase price was allocated to Siebel's net tangible and identifiable intangible assets based on their estimated fair values as of January 31, 2006 as set forth below. The excess of the purchase price over the net tangible and identifiable intangible assets was recorded as goodwill. The preliminary allocation of the purchase price was based upon a preliminary valuation and our estimates and assumptions are subject to change. The primary areas of the purchase price allocation that are not yet finalized relate to restructuring costs, the valuation of consulting contract obligations assumed, certain legal matters, income and non-income based taxes and residual goodwill.

| | (in millions) |
|---|---|
| Cash and marketable securities | $ 2,362 |
| Trade receivables | 318 |
| Goodwill | 2,514 |
| Intangible assets | 1,564 |
| Deferred tax assets, net | 318 |
| Other assets | 123 |
| Accounts payable and other liabilities | (372) |
| Restructuring (see Note 3) | (590) |
| Deferred revenues | (202) |
| Deferred stock-based compensation | 31 |
| In-process research and development | 64 |
| Total purchase price | $ 6,130 |