

# EXHIBIT 18

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, 2007

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  
(State or other jurisdiction of  
incorporation or organization)

54-2185193  
(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:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	The NASDAQ Stock Market LLC
Preferred Stock Purchase Rights	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

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

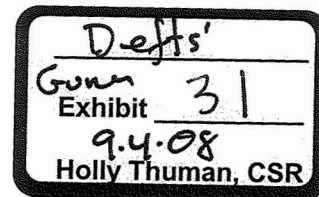
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The aggregate market value of the voting stock held by non-affiliates of the registrant was \$74,136,594,087 based on the number of shares held by non-affiliates of the registrant as of May 31, 2007, and based on the closing sale price of common stock as reported by the NASDAQ Global Select Market on November 30, 2006, 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 June 25, 2007: 5,113,035,975

**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 November 2, 2007.



**ORACLE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**May 31, 2007**

The following table presents a summary of our businesses and operating segments:

(in millions)	Year Ended May 31,		
	2007	2006	2005
<b>New software licenses:</b>			
Revenues <sup>(1)</sup>	\$ 5,874	\$ 4,897	\$ 4,082
Sales and distribution expenses	3,326	2,638	2,055
Margin <sup>(2)</sup>	\$ 2,548	\$ 2,259	\$ 2,027
<b>Software license updates and product support:</b>			
Revenues <sup>(1)</sup>	\$ 8,541	\$ 7,027	\$ 5,650
Cost of services	788	673	569
Margin <sup>(2)</sup>	\$ 7,753	\$ 6,354	\$ 5,081
<b>Total software business:</b>			
Revenues <sup>(1)</sup>	\$ 14,415	\$ 11,924	\$ 9,732
Expenses	4,114	3,311	2,624
Margin <sup>(2)</sup>	\$ 10,301	\$ 8,613	\$ 7,108
<b>Consulting:</b>			
Revenues <sup>(1)</sup>	\$ 2,851	\$ 2,113	\$ 1,796
Cost of services	2,384	1,787	1,471
Margin <sup>(2)</sup>	\$ 467	\$ 326	\$ 325
<b>On Demand:</b>			
Revenues <sup>(1)</sup>	\$ 555	\$ 398	\$ 307
Cost of services	529	372	274
Margin <sup>(2)</sup>	\$ 26	\$ 26	\$ 33
<b>Education:</b>			
Revenues <sup>(1)</sup>	\$ 387	\$ 336	\$ 284
Cost of services	272	235	215
Margin <sup>(2)</sup>	\$ 115	\$ 101	\$ 69
<b>Total services business:</b>			
Revenues <sup>(1)</sup>	\$ 3,793	\$ 2,847	\$ 2,387
Cost of services	3,185	2,394	1,960
Margin <sup>(2)</sup>	\$ 608	\$ 453	\$ 427
<b>Totals:</b>			
Revenues <sup>(1)</sup>	\$ 18,208	\$ 14,771	\$ 12,119
Expenses	7,299	5,705	4,584
Margin <sup>(2)</sup>	\$ 10,909	\$ 9,066	\$ 7,535

<sup>(1)</sup> Operating segment revenues differ from the external reporting classifications due to certain software license products that are classified as service revenues for management reporting purposes. Additionally, software license updates and product support revenues for management reporting include \$212 million, \$391 million and \$320 million of revenues that we did not recognize in the accompanying consolidated statements of operations for the years ended May 31, 2007, 2006 and 2005, respectively. See Note 6 for an explanation of these adjustments and the following table for a reconciliation of operating segment revenues to total revenues.

<sup>(2)</sup> The margins reported reflect only the direct controllable costs and expenses of each line of business and do not represent the actual margins for each operating segment because they do not contain an allocation of product development, information technology, marketing and partner programs, and corporate and general and administrative expenses incurred in support of the lines of business. Additionally, the margins do not reflect the amortization of intangible assets, restructuring costs, acquisition related costs or stock-based compensation.