THE ORACLE UK PENSION PLAN
Schedule of contributions

Status

This Schedule of Contributions has been prepared by the Trustees of the Oracle UK Pension Plan (the Plan) after obtaining the advice of the Scheme Actuary appointed by the Trustees.

This document follows the actuarial valuation of the Plan as at 31 May 2016, which revealed a funding shortfall (technical provisions minus value of assets) of £165.5m. It has been agreed by the sponsoring employer, Oracle Corporation UK Limited (the Employer).

Employer contributions

Accrual

The Pensions Underpin ceased accruing with effect from 31 May 2004, and future accrual of benefits (including death benefits) ceased with effect from 31 December 2010. Therefore there are no contributions in respect of future service.

If additional defined contribution benefits are provided in future, supplementary employer contributions will be payable as agreed with the Trustees and/or affected members.

Expenses

The Employer will pay the expenses of running the Plan directly, including any levies payable to the Pension Protection Fund or the Pensions Regulator.

Augmentations

If any augmentations are made, supplementary employer contributions will be payable equal to the cost as advised to the Trustees by the Scheme Actuary.

Contributions to the Section 1 Underpin Reserve account

The Section 1 Underpin Reserve (the Underpin Reserve) is made up of the following:

a. Pensioner Reserve Fund (PRF): The PRF is an investment fund used to back the liabilities for Pensioners. It is intended that the value of the PRF, plus any amount in the Underpin Reserve bank account, is equal in value to the liabilities for Pensioners assessed using the Cash Equivalent Transfer Value (CETV) assumptions in place as at the assessment date.

b. Trustee Reserve Account (TRA): The TRA is an investment fund used to fund the difference in value between a member's Notional Account and the value of the member's Pensions Underpin at the time the Pensions Underpin is applied. This may be as a result of the member retiring with a pension from the Plan, transferring out of the Plan or passing away.

c. The Underpin Reserve bank account and net current assets (NCA).

An annual check as at 31 May of each year will be carried out to ensure that the Underpin Reserve account is expected to be able to provide the benefits of current pensioners in future and to meet demands as a result of transfers out and retirements over the following three years. In the Funding Deed dated 28 May 2015 and in this Statement, this amount is defined as a "Required Amount".

As at 31 May of each year a calculation will be made of the following amount:

1. The value of all pensions in payment as at the assessment date. This will be calculated using the CETV assumptions in force as at the assessment date. Different assumptions may be used for this calculation if the Trustees and Employer agree.

PLUS

2. The expected shortfall as at the assessment date on the Underpin Reserve due to retirement at or after Normal Retirement Age (NRA) during the next 3 years. This will be based on members expected to reach NRA in the following 3 years and members already over NRA at the assessment date, using the CETV assumptions in force as at the assessment date. For these purposes all members over NRA will be assumed to retire immediately. Different assumptions may be used for this calculation if the Trustees and Employer agree.

PLUS

3. Expected demands due to early retirements and transfers out in the next 3 years. For the purposes of this test, the demands due to early retirements and transfers out over the following 3 years will be assumed to be equal in value to the demands due to transfers out in the 3 years prior to the assessment date.

PLUS

4. Any additional demands on the Underpin Reserve in the next 3 years. This will be calculated as the total of any expected additional demands on the Underpin Reserve over the following 3 years, which the Trustees have agreed with the Employer as at the assessment date.

LESS

5. Expected returns on the TRA in the 3 years following the assessment date. The assumed rate of return for this calculation will be set equal to the pre-retirement asset return that is in line with the CETV assumptions as at the assessment date. Different assumptions may be used for this calculation if the Trustees and Employer agree.

LESS

6. The value of the Underpin Reserve as at the assessment date.

LESS

7. The present value of any Required Amount due under any previous Underpin Reserve annual checks. This will be calculated as the present value of any Required Amount due under any previous Underpin Reserve annual checks which has not been paid into the Plan prior to the assessment date.

The resulting amount will be amortised over the following 3 years payable in advance, using the post retirement discount rate that is in line with the CETV assumptions as at the assessment date. Each annual instalment is referred to in this statement and in the Funding Deed as a "Required Amount Instalment" and will be paid in accordance with the terms of the Funding Deed.

The Required Amount calculation will be set to a minimum of zero, in which case no funding is required to the Underpin Reserve.

The Required Amount will be calculated by the Scheme Actuary and the Employer will be notified of the amount payable if any. From the date of notification the Employer's actuary will have 20 business days to review the amount.

If by the end of 20 business days the Employer's actuary has agreed the amount payable, the amount payable will be due to be paid to the Plan no later than 40 business days after the end of the 20 business day period.

If at the end of 20 business days the Employer's actuary has not agreed the Required Amount payable, the lower of the Trustees' calculation of the Required Amount Instalment payable in the first year and the Employer's calculation of the amount payable in the first year will be due 40 business days after the end of the 20 business day period. The final amount payable in the first year in relation to the first Required Amount Instalment will then be agreed between the Trustees and the Employer, with any final payment due 40 business days after agreement has been reached. Payments of the Required Amount Instalments in subsequent years will be due on the anniversary of the date agreement has been reached and will be payable regardless of the results of subsequent annual checks, unless a new Schedule of Contributions is agreed in the meantime.

In the event of non or partial payment at the end of the above time periods, the Guarantee can be called upon for the payment outstanding, rather than the maximum amount of the Guarantee. The Trustees will first exhaust all other avenues before calling on the Guarantee.

Payments to escrow

The Employer and Trustees have agreed as part of the 2016 actuarial valuation that the Employer will continue to make payments in respect of the funding shortfall into an escrow arrangement until at least May 2025. Payments to the escrow will be made in monthly instalments of £833,333 with the first instalment under this schedule due by no later than 31 July 2017 (for the July 2017 instalment) and the last instalment due by the last business day in May 2035. The terms of the escrow arrangement are set out in the "Funding Deed in relation to the Escrow Arrangement" dated 28 May 2015 (the Funding Deed).

Unless agreed otherwise between the Trustees and Employer, payments falling due after May 2025 will be made direct to the Plan.

Note that payments due to the escrow can be reduced by the amount of any contributions that have been paid to the Plan directly by the Employer since the date of this Schedule, excluding those in respect of augmentations or made under the indemnity provisions in the Plan rules.

An actuarial report on developments affecting the Plan's technical provisions and funding level will be obtained annually between actuarial valuations. This check will be based on the Technical Provisions assumptions in the Statement of Funding Principles in force at the previous actuarial valuation date with market conditions updated to the effective date.

If an annual Actuarial Report reveals a surplus (taking into account the monies in the escrow), payments to the escrow arrangement may cease in accordance with the Funding Deed. If an update reveals a surplus in the Plan (excluding the monies in the escrow), then all the funds in the escrow may be returned to the Employer and the escrow may be wound up.

If an annual Actuarial Report reveals a deficit (taking into account the monies in the escrow), then the Employer will continue / resume making payments to the escrow arrangement.

Final Test Date contribution from the escrow arrangement

The "Final Test Date" in the Funding Deed is 31 May 2025. In accordance with the Funding Deed, at the Final Test Date the Trustees may require the transfer of escrow monies to the Plan, up to a maximum of the deficit calculated using Technical Provisions assumptions as at that date. The Funding Deed contains further details regarding the nature and timing of the calculations at the Final Test Date.

This Schedule has been agreed by the Trustees and the Employer

AB Kennett

Signed on behalf of the Trustees of the Oracle UK Pension Plan

19 July 2017.

Date

Signed on behalf of Oracle Corporation UK Limited

25th July 2017

Date

Date of Schedule: 25th July 2017