

IN THE CHANCERY COURT FOR DAVIDSON COUNTY
20TH JUDICIAL DISTRICT
THE STATE OF TENNESSEE

CITY OF STERLING HEIGHTS POLICE &
FIRE RETIREMENT SYSTEM, on Behalf of
Itself and All Others Similarly Situated,

Plaintiff,

vs.

ORACLE CORPORATION, LAWRENCE J.
ELLISON, SAFRA A. CATZ, CLAYTON M.
MAGOUYRK, MICHAEL D. SICILIA,
JEFFERY O. HENLEY, AWO ABLO,
JEFFREY S. BERG, MICHAEL J. BOSKIN,
BRUCE R. CHIZEN, RONA A. FAIRHEAD,
CHARLES (WICK) MOORMAN IV,
STEPHEN H. RUSCKOWSKI, BofA
SECURITIES, INC., CITIGROUP GLOBAL
MARKETS INC., DEUTSCHE BANK
SECURITIES INC., GOLDMAN SACHS &
CO. LLC, HSBC SECURITIES (USA) INC.,
J.P. MORGAN SECURITIES LLC, BNP
PARIBAS SECURITIES CORP., PNC
CAPITAL MARKETS LLC, SMBC NIKKO
SECURITIES AMERICA, INC., NATWEST
MARKETS SECURITIES INC.,
SANTANDER US CAPITAL MARKETS
LLC, TD SECURITIES (USA) LLC, BNY
MELLON CAPITAL MARKETS, LLC,
CREDIT AGRICOLE SECURITIES (USA)
INC., ING FINANCIAL MARKETS LLC,
STANDARD CHARTERED BANK, and
WELLS FARGO SECURITIES, LLC,

Defendants.

) Case No.

) Judge

) CLASS ACTION

) COMPLAINT FOR VIOLATIONS OF THE
) SECURITIES ACT OF 1933

) DEMAND FOR JURY TRIAL

Plaintiff City of Sterling Heights Police & Fire Retirement System (“plaintiff”) alleges the following based upon the investigation of plaintiff’s counsel, which included a review of U.S. Securities and Exchange Commission (“SEC”) filings by Oracle Corporation (“Oracle” or the “Company”), as well as regulatory filings and reports, securities analysts’ reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a securities class action on behalf of all purchasers of Oracle notes pursuant and/or traceable to the Registration Statement (defined below) issued in connection with Oracle’s \$25 billion February 3, 2026 public note offering (the “February 2026 Note Offering”), seeking to pursue remedies under §§11, 12(a)(2), and 15 of the Securities Act of 1933 (the “Securities Act”), 15 U.S.C. §§77k, 77l(a)(2), and 77o.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction over the causes of action asserted herein pursuant to Tenn. Code Ann. §16-10-101, because this case is a cause not given by statute to another tribunal in this state. This action may not be removed to federal court. 15 U.S.C. §77v.

3. This Court has personal jurisdiction over each of the defendants named herein because they conducted substantial business in, were citizens of, and/or orchestrated the February 2026 Note Offering in substantial part out of Tennessee, including Oracle, which maintained one of its principal places of business in Nashville, Tennessee at the time of the February 2026 Note Offering. The violations of law complained of herein occurred in substantial part in Tennessee, including a substantial part of the preparation and dissemination of the materially false and misleading Registration Statement complained of herein, which was disseminated into this state.

4. Venue is properly laid in this county pursuant to Tenn. Code Ann. §20-4-101. The acts and conduct complained of herein occurred in substantial part in this county. Oracle has been involved in a multi-year effort to move its corporate headquarters to Nashville, Tennessee; the Company maintains a substantial operations in this county; and its current Co-Chief Executive Officer (“CEO”) Clayton M. Magouyrk resides in this county. Moreover, in addition to helping conduct the February 2026 Note Offering in and from this county, many if not all of the Underwriter Defendants (defined below) conduct substantial business in this county.

PARTIES

5. Plaintiff City of Sterling Heights Police & Fire Retirement System purchased Oracle notes directly in and pursuant and/or traceable to the February 2026 Note Offering and was damaged thereby.

6. Defendant Oracle Corporation is a multinational technology company that has been in the process of moving its corporate headquarters to Nashville since 2021. The Company is currently constructing its worldwide headquarters along the East Bank of Nashville’s riverfront.

7. Defendant Lawrence J. Ellison (“Ellison”) co-founded Oracle and served as its Chief Technology Officer (“CTO”) and Executive Chairman of the Board at the time of the February 2026 Note Offering.

8. Defendant Safra A. Catz (“Catz”) served as Oracle’s CEO, its Principal Executive and Financial Officer, and a member of the Company’s Board of Directors (the “Board”) until September 22, 2025. After September 22, 2025, defendant Catz became the Executive Vice Chair of the Board, a position she held at the time of the February 2026 Note Offering.

9. Defendant Clayton M. Magouyrk (“Magouyrk”) has served as Oracle’s Co-CEO and a member of the Board since September 22, 2025, positions he held at the time of the February 2026

Note Offering. Defendant Magouyrk served as President, Oracle Cloud Infrastructure prior to this time.

10. Defendant Michael D. Sicilia (“Sicilia”) has served as Oracle’s Co-CEO and a member of the Board since September 22, 2025, positions he held at the time of the February 2026 Note Offering. Defendant Sicilia served as President, Oracle Industries prior to this time.

11. Defendant Jeffery O. Henley (“Henley”) served as Executive Vice Chair of the Board at the time of the February 2026 Note Offering.

12. Defendants Awo Ablo (“Ablo”), Jeffrey S. Berg (“Berg”), Michael J. Boskin (“Boskin”), Bruce R. Chizen (“Chizen”), Rona A. Fairhead (“Fairhead”), Charles (Wick) Moorman IV (“Moorman”), and Stephen H. Rusckowski (“Rusckowski”) served as members of the Board at the time of the February 2026 Note Offering.

13. The defendants named in ¶¶7-12 are referred to herein as the “Individual Defendants.” Each of the Individual Defendants other than Magouyrk and Sicilia signed the Registration Statement. Each of the Individual Defendants solicited investors and otherwise promoted the February 2026 Note Offering for their own financial benefit and the benefit of Oracle.

14. Defendants BofA Securities, Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, BNP Paribas Securities Corp., PNC Capital Markets LLC, SMBC Nikko Securities America, Inc., NatWest Markets Securities Inc., Santander US Capital Markets LLC, TD Securities (USA) LLC, BNY Mellon Capital Markets, LLC, Credit Agricole Securities (USA) Inc., ING Financial Markets LLC, Standard Chartered Bank, and Wells Fargo Securities, LLC (the “Underwriter Defendants”) are investment banking firms that acted as underwriters and managers of Oracle’s February 2026 Note Offering, helping to draft and disseminate the offering documents. Pursuant to

the Securities Act, the Underwriter Defendants are liable for the false and misleading statements in the Registration Statement as follows:

(a) The Underwriter Defendants are investment banking houses that specialize, *inter alia*, in underwriting public offerings of securities. They served as the underwriters of the February 2026 Note Offering and shared \$75 million in fees collectively. The Underwriter Defendants determined that in return for their share of the February 2026 Note Offering proceeds, they were willing to merchandize Oracle notes in the February 2026 Note Offering.

(b) The Underwriter Defendants also demanded and obtained an agreement from Oracle that it would indemnify and hold the Underwriter Defendants harmless from any liability under the federal securities laws. They also made certain that Oracle had purchased millions of dollars in directors' and officers' liability insurance.

(c) Representatives of the Underwriter Defendants also assisted Oracle and the Individual Defendants in planning the February 2026 Note Offering, and purportedly conducted an adequate and reasonable investigation into the business and operations of Oracle, an undertaking known as a "due diligence" investigation. The due diligence investigation was required of the Underwriter Defendants in order to engage in the February 2026 Note Offering. During the course of their "due diligence," the Underwriter Defendants had continual access to confidential corporate information concerning Oracle's operations and financial prospects.

(d) In addition to availing themselves of virtually unbridled access to internal corporate documents, agents of the Underwriter Defendants met with Oracle's lawyers, management, and top executives and engaged in "drafting sessions." During these sessions, understandings were reached as to: (i) the strategy to best accomplish the February 2026 Note Offering; (ii) the terms of the February 2026 Note Offering, including the price at which Oracle notes would be sold; (iii) the language to be used in the Registration Statement; and (iv) what

disclosures about Oracle would be made in the Registration Statement. As a result of those constant contacts and communications between the Underwriter Defendants' representatives and Oracle management and top executives, the Underwriter Defendants knew, or should have known, of Oracle's existing problems as detailed herein.

SUBSTANTIVE ALLEGATIONS

15. Oracle is one of the largest technology companies in the world. Founded in 1977, the Company became a leading purveyor of multi-model database management systems. Over the decades, Oracle has grown to provide a wide array of products and services related to its customers' enterprise information technology ("IT") needs. Oracle's IT models include enterprise applications and infrastructure offerings deployed on premises or through cloud-based and hybrid models.

16. Oracle operates three business segments: (i) Cloud & License; (ii) Hardware; and (iii) Services. Oracle's largest and most important business segment is Cloud & License, which accounted for \$49.2 billion, or 86%, of Company revenues during its fiscal 2025.¹ Oracle's Cloud & License business engages in the sale and marketing of applications and infrastructure technologies, including: (i) cloud services offerings; (ii) cloud license and on-premise license offerings; and (iii) license support offerings.

17. Oracle's cloud services offerings accounted for roughly half of Oracle's total Cloud & License business revenues in fiscal 2025. Oracle's cloud services are divided into Oracle Cloud Applications ("OCA") and Oracle Cloud Infrastructure ("OCI"). OCA offerings, sometimes denoted by the Company as cloud "software-as-a-service" or "SaaS" offerings, include Oracle software applications delivered via a cloud-based IT environment that the Company's customers purchase by entering into a subscription agreement with Oracle for a set period. OCI offerings, sometimes

¹ Oracle's fiscal year ends on May 31 of the calendar year. Thus, Oracle's fiscal 2025 ended on May 31, 2025.

denoted by the Company as “infrastructure as a service” or “IaaS” offerings, provide Oracle’s customers with infrastructure technologies and services such as compute, storage, and networking services and include specialized database offerings tailored to meet specific customer needs.

18. Leading up to the February 2026 Note Offering, Oracle executives claimed that the Company was capitalizing on an historic business opportunity as a key provider of the critical infrastructure used to power the development and deployment of artificial intelligence (“AI”) technology. Company executives highlighted hundreds of billions of dollars’ worth of new business that Oracle had purportedly procured from the central players in an ongoing “AI revolution.” As a result, Oracle claimed that its remaining performance obligations (“RPOs”) had ballooned during 2025, ultimately reaching a claimed \$523 billion by the fiscal quarter ended November 30, 2025 (the last fiscal quarter publicly reported by Oracle prior to the February 2026 Note Offering), up a staggering **433%** from the \$97 billion in RPOs Oracle reported as of November 30, 2024.

19. On June 30, 2025, Oracle filed with the SEC a current report on Form 8-K (the “June 2025 Form 8-K”). In the June 2025 Form 8-K, defendant Catz was quoted as stating: ““Oracle is off to a strong start in FY26. Our MultiCloud database revenue continues to grow at over 100%, and we signed multiple large cloud services agreements including one that is expected to contribute more than \$30 billion in annual revenue starting in FY28.””

20. On September 10, 2025, *The Wall Street Journal* reported that Oracle and OpenAI had signed a \$300 billion cloud deal, which it described as “one of the largest cloud contracts ever.” The article reported that Oracle had given a “first hint of the deal” when the Company had disclosed the large cloud services agreement described by defendant Catz in the June 2025 Form 8-K. Thus, most of Oracle’s recently claimed RPO increases were attributable to a single customer: OpenAI. OpenAI boasted a novel technology – a proprietary large language model (“LLM”) powering OpenAI’s generative AI chatbot ChatGPT – but the company was not profitable and only generated

a fraction of the revenue needed to make its promised payments to Oracle, let alone OpenAI's numerous infrastructure commitments to other counterparties (totaling over \$1 trillion). Thus, in order to be able to make these payments, OpenAI needed to generate substantial revenue and new user growth. Furthermore, the arrangement required Oracle to substantially increase its debt load to provide the promised cloud computing infrastructure, causing the Company to take on tens of billions of dollars' worth of new capital expenditures (including an estimated \$50 billion in fiscal 2026 alone) and enter into more than \$200 billion in long-term lease commitments.

21. On October 16, 2025, Oracle hosted a financial analyst meeting led by the Company's most-senior executives, including several of the Individual Defendants. During the meeting, defendant Magouyrk highlighted OpenAI as a "great customer." Later, when asked about the gross margin on Oracle's deals with OpenAI, and whether a margin illustration defendant Magouyrk had given (*i.e.*, "we're going to make \$60 billion, it's going to cost \$39 billion") was applicable to such deals, defendant Magouyrk responded in the affirmative, stating the example "absolutely is illustrative of even the very biggest deals that we're doing," which would include most notably OpenAI.

22. On December 10, 2025, Oracle issued a release providing the Company's financial results for its second fiscal quarter ended November 30, 2025 ("2Q26 Release"). The release stated that Oracle's capital expenditures had grown to \$35.5 billion over the trailing four quarters, more than three times greater than Oracle's \$10.7 billion in capital expenditures in the comparable prior year period. Meanwhile, Oracle's four-quarter trailing negative free cash flow had more than doubled sequentially to negative \$13.2 billion.

23. During the related earnings call, Oracle executives stated that Oracle expected capital expenditures of \$50 billion in fiscal 2026 to meet demand for the Company's AI-related infrastructure services. To allay investor concerns regarding these spending commitments,

executives positively portrayed the massive increase in Oracle's RPOs, which had grown to \$523 billion by quarter end (up 433% year-over-year), and attempted to highlight the diversification of the Company's customer base notwithstanding Oracle's reliance on OpenAI's \$300 billion commitment to fuel the Company's recent RPO growth. Oracle's Principal Financial Officer Douglas Kehring stated:

In terms of the results for Q2, we had another excellent quarter of execution. Remaining performance obligations, or RPO, ended the quarter at \$523.3 billion, up 433% from last year and up \$68 billion since the end of August, driven by contracts signed with [M]eta, NVIDIA and others as we continue to diversify our customer backlog. RPO expected to be recognized in the next 12 months grew 40% year over year compared with 25% last quarter and 21% last year.

24. Mr. Kehring further acknowledged the significant additional capital expenditures that Oracle needed to make to service this RPO growth, but stated these expenditures were being prudently made to generate profits for the Company:

Our full year FY26 revenue expectation of \$67 billion remains unchanged. However, given the added RPO this quarter that can be monetized quickly starting next year. We now expect fiscal 2026 CapEx will be about \$15 billion higher than we forecasted after Q1.

Finally, we are confident that our customer backlog is at a healthy level, and then we have the operational and financial strength to execute successfully. While we continue to experience significant and unprecedented demand for our cloud services, we will pursue further business expansion only when it meets our profitability requirements and the capital is available on favorable terms.

25. The next day, Oracle filed with the SEC a quarterly report on Form 10-Q for its second fiscal quarter of 2026, which stated that Oracle

had \$248 billion of additional lease commitments, substantially all related to data centers and cloud capacity arrangements, that are generally expected to commence between the third quarter of fiscal 2026 and fiscal 2028 and for terms of fifteen to nineteen years that were not reflected on our condensed consolidated balance sheets as of November 30, 2025.

26. On February 1, 2026, Oracle revealed a new financing plan to fund its rapidly growing OCI business. Specifically, Oracle stated that the Company expected to raise \$45 billion to \$50 billion in calendar 2026 in order to build additional capacity to meet the contracted demand

from its largest OCI customers, including most notably OpenAI, through tens of billions of dollars in debt and equity financing, which included the February 2026 Note Offering.

27. On or about March 15, 2024, Oracle had filed with the SEC an automatic shelf registration statement on Form S-3ASR, which, after a February 2, 2026 post-effective amendment was ultimately utilized for the February 2026 Note Offering. On February 3, 2026, Oracle filed with the SEC the final prospectus on Form 424B2 for the February 2026 Note Offering (the “Prospectus”), which incorporated and formed part of the registration statement for the offering (collectively, the “Registration Statement”).

28. The Registration Statement expressly incorporated by reference the following documents that had previously been filed by Oracle with the SEC:

(a) Oracle’s Annual Report on Form 10-K for the fiscal year ended May 31, 2025;

(b) Oracle’s Quarterly Reports on Form 10-Q for the fiscal quarters ended August 31, 2025 and November 30, 2025;

(c) Oracle’s Current Reports on Form 8-K filed on June 11, 2025 (with respect to Item 8.01 only), September 9, 2025 (with respect to Item 8.01 only), September 22, 2025 (with respect to Item 5.02 only), as amended by Amendment No. 1 on Form 8-K/A filed on October 6, 2025, September 26, 2025, November 21, 2025, December 10, 2025 (with respect to Item 8.01 only), and January 9, 2026; and

(d) the portions of Oracle’s Definitive Proxy Statement on Schedule 14A for the Company’s 2025 Annual Meeting of Stockholders incorporated by reference in its Annual Report on Form 10-K for the fiscal year ended May 31, 2025.

29. Pursuant to the Registration Statement, defendants offered and sold approximately \$25 billion worth of Oracle notes in the February 2026 Note Offering as detailed in the following chart:

	Public offer price	Underwriting discount	Proceeds before expenses, to us
Floating Rate Notes	100.000%	0.175%	99.825%
Total	\$ 500,000,000	\$ 875,000	\$ 499,125,000
2029 Fixed Rate Notes	99.872%	0.175%	99.697%
Total	\$ 2,996,160,000	\$ 5,250,000	\$ 2,990,910,000
2031 Fixed Rate Notes	99.834%	0.200%	99.634%
Total	\$ 3,494,190,000	\$ 7,000,000	\$ 3,487,190,000
2033 Fixed Rate Notes	99.951%	0.225%	99.726%
Total	\$ 2,998,530,000	\$ 6,750,000	\$ 2,991,780,000
2036 Fixed Rate Notes	99.782%	0.250%	99.532%
Total	\$ 4,989,100,000	\$ 12,500,000	\$ 4,976,600,000
2046 Fixed Rate Notes	99.912%	0.400%	99.512%
Total	\$ 2,248,020,000	\$ 9,000,000	\$ 2,239,020,000
2056 Fixed Rate Notes	99.820%	0.425%	99.395%
Total	\$ 4,991,000,000	\$ 21,250,000	\$ 4,969,750,000
2066 Fixed Rate Notes	99.810%	0.450%	99.360%
Total	\$ 2,744,775,000	\$ 12,375,000	\$ 2,732,400,000
Total	\$24,961,775,000	\$ 75,000,000	\$24,886,775,000

MATERIALLY FALSE AND MISLEADING STATEMENTS AND OMISSIONS IN THE REGISTRATION STATEMENT

30. The Registration Statement was negligently prepared and, as a result, contained untrue statements of material fact or omitted to state other facts necessary to make the statements made not misleading and was not prepared in accordance with the rules and regulations governing its preparation.

31. For example, the Registration Statement described Oracle’s RPOs as “contracted revenues that had not yet been recognized, and include deferred revenues; invoices that have been

issued to customers but were uncollected and have not been recognized as revenues; and amounts that will be invoiced and recognized as revenues in future periods.”

32. The Registration Statement stated that Oracle had RPOs of “\$523.3 billion as of November 30, 2025, of which we expect to recognize approximately 10% as revenues over the next twelve months, 30% over the subsequent month 13 to month 36, 35% over the subsequent month 37 to month 60 and the remainder thereafter.” The Registration Statement similarly detailed how this figure represented a massive increase in Company RPOs compared to the prior year period, stating: “Remaining performance obligations were \$523.3 billion and \$97.3 billion as of November 30, 2025 and 2024, respectively.” The Registration Statement continued: “The increase in remaining performance obligations as of November 30, 2025 in comparison to November 30, 2024 was primarily attributable to certain significant cloud contracts that were entered into during the period,” which most notably included Oracle’s \$300 billion deal with OpenAI.

33. The Registration Statement further cited Oracle’s “expectation that, on a constant currency basis, our total cloud and software revenues generally will continue to increase due to expected growth in our cloud revenues and continued demand for our software offerings,” as well as the Company’s “expectation that current and expected customer demand will require continued growth in our cloud and software expenses and capital expenditures in order to increase our existing data center capacity and establish additional data centers in new geographic locations.”

34. The statements referenced above in ¶¶30-33 were inaccurate statements of material fact because they failed to disclose the following material facts that existed at the time of the February 2026 Note Offering:

(a) that OpenAI – the customer primarily responsible for the claimed growth in Oracle’s RPOs leading up to the February 2026 Note Offering – had missed its internal revenue targets for revenue and new users in 2025 and early 2026;

(b) that the Chief Financial Officer (“CFO”) of OpenAI had raised serious doubts about OpenAI’s ability to meet its payment obligations for cloud computing power, which could potentially undermine Oracle’s ability to collect on its claimed RPOs and achieve profitable returns on the Company’s massive AI-related investments; and

(c) that, as a result of (a)-(b) above, Oracle’s ability to service its debt, including the notes issued in the February 2026 Note Offering, had been materially compromised.

35. In addition, under the rules and regulations governing the preparation of the Registration Statement, Oracle was required to disclose at the time of the February 2026 Note Offering that the customer primarily responsible for the staggering RPO growth claimed in the Registration Statement – OpenAI – had missed its internal revenue and new user targets and that OpenAI’s own CFO had doubts raised about OpenAI’s ability to pay for cloud computing power such as that supplied by Oracle. The Registration Statement, however, contained no such disclosures.

36. Specifically, pursuant to Item 303 of Regulation S-K, 17 C.F.R. §229.303, and the SEC’s related interpretive releases thereto, issuers are required to disclose “any known trends or uncertainties that have had or that are reasonably likely to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.” The known trends and uncertainties associated with Oracle’s claimed RPO growth as a result of OpenAI’s revenue and new user shortfall and internal doubts about OpenAI’s ability to pay counterparties such as Oracle for contracted services were some of the most significant issues affecting Oracle’s ability to generate future sales, revenue, and income from continuing operations given OpenAI’s \$300 billion agreement with Oracle and Oracle’s massive AI-related investments, and were therefore required to be disclosed in the Registration Statement.

37. In addition, Item 105 of SEC Regulation S-K, 17 C.F.R. §229.105, required, in the “Risk Factors” section of the Registration Statement, a discussion of the most significant factors that made the offering risky or speculative and that each risk factor adequately describe the risk. Because the omitted material facts alleged herein were not disclosed, as well as the consequent material adverse effects on the Company’s future results and prospects, defendants violated Item 105.

38. The February 2026 Note Offering was successful for the Company, the Individual Defendants, and the Underwriter Defendants, who sold approximately \$25 billion worth of Oracle notes in the offering.

39. On April 28, 2026, *The Wall Street Journal* published an article titled “OpenAI Misses Key Revenue, User Targets in High-Stakes Sprint Toward IPO.” The article reported that OpenAI had missed its internal targets for new users and revenue in 2025 and in the early months of 2026. These failures potentially undermined OpenAI’s ability to pay for computing contracts, including the \$300 billion worth of contracts OpenAI had entered into with Oracle, which accounted for the significant majority of the growth in the Company’s RPO leading up to the February 2026 Note Offering as highlighted by the Registration Statement. The article stated in pertinent part:

OpenAI recently missed its own targets for new users and revenue, stumbles that have raised concern among some company leaders about whether it will be able to support its massive spending on data centers.

Chief Financial Officer Sarah Friar has told other company leaders that she is worried the company might not be able to pay for future computing contracts if revenue doesn’t grow fast enough, according to people familiar with the matter.

Board directors have also more closely examined the company’s data-center deals in recent months and questioned Chief Executive Sam Altman’s efforts to secure even more computing power despite the business slowdown, the people said.

* * *

For years, Altman has sought to lock up as much data-center capacity as possible, arguing that computing shortages were the biggest constraint to OpenAI’s growth. He went on a dealmaking spree last year that put OpenAI on the hook for some \$600 billion in future spending commitments, and tied much of the tech sector’s success to OpenAI’s.

The “buy everything” computing strategy was buoyed by ChatGPT’s seemingly invincible success, and had the support of both Friar and the board. But the chatbot’s growth slowed toward the end of last year, sowing fresh doubt among company leaders about the approach.

OpenAI missed an internal goal of reaching one billion weekly active users for ChatGPT by the end of last year, according to people familiar with the goals. The company still hasn’t announced that milestone, unnerving some investors. It also missed its yearly revenue target for ChatGPT as well after Google’s Gemini saw massive growth late last year and ate into OpenAI’s market share, the people said. The company has also struggled with defection rates among subscribers, according to people familiar with those figures.

OpenAI missed multiple monthly revenue targets earlier this year after losing ground to Anthropic in the coding and enterprise markets, people familiar with its finances said.

40. As reported by media sources, revelations about OpenAI’s internal shortfalls raised concerns among investors about OpenAI’s ability to pay Oracle. For example, an April 28, 2026 *CNBC* report highlighted the negative implications for Oracle, stating: “*The Wall Street Journal* reported that OpenAI has recently missed its own projections for user growth and revenue. The shortfall has sparked internal concern about whether the company can keep pace with the massive financial commitments.” The report further stated that “Oracle, which has a \$300 billion, five-year partnership to supply computing power to OpenAI for AI operations, was lower” on the news.

41. At the time of the filing of this complaint, the price of the notes sold in the February 2026 Note Offering have fallen significantly from their offering price, damaging plaintiff and the Class (defined below).

CLASS ACTION ALLEGATIONS

42. Plaintiff brings this action as a class action on behalf of all purchasers of Oracle notes pursuant and/or traceable to the Registration Statement issued in connection with the February 2026 Note Offering (the “Class”). Excluded from the Class are defendants and their families, the officers and directors and affiliates of defendants, at all relevant times, members of their immediate families,

and their legal representatives, heirs, successors, or assigns, and any entities in which defendants have or had a controlling interest.

43. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Oracle or its transfer agent and may be notified of the pendency of this action electronically or by mail, using the form of notice similar to that customarily used in securities class actions.

44. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

45. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

46. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether defendants violated the Securities Act;
 - (b) whether the Registration Statement was negligently prepared and contained inaccurate statements of material fact and omitted material information required to be stated therein;
- and
- (c) to what extent the members of the Class have sustained damages and the proper measure of damages.

47. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

FIRST CAUSE OF ACTION

For Violation of §11 of the Securities Act Against All Defendants

48. Plaintiff incorporates ¶¶1-47 by reference.

49. This Cause of Action is brought pursuant to §11 of the Securities Act against all defendants.

50. This Cause of Action does not sound in fraud. Plaintiff does not allege that any of the defendants had scienter or fraudulent intent, which are not elements of a §11 claim.

51. The Registration Statement for the February 2026 Note Offering was inaccurate and misleading, contained untrue statements of material fact, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

52. Defendants are strictly liable to plaintiff and the Class for the misstatements and omissions.

53. None of the defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omission of any material fact and were not misleading.

54. By reason of the conduct herein alleged, each defendant violated, and/or controlled a person who violated, §11 of the Securities Act.

55. Plaintiff acquired Oracle notes pursuant to the February 2026 Note Offering.

56. Plaintiff and the Class have sustained damages. The values of the Oracle notes sold in the February 2026 Note Offering have declined substantially subsequent to and due to defendants' violations.

57. At the time of their purchases of the Oracle notes sold in the February 2026 Note Offering, plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered those facts prior to the disclosures herein. Less than one year has elapsed from the time that plaintiff discovered or reasonably could have discovered the facts upon which this complaint is based to the time that plaintiff commenced this action. Less than three years has elapsed between the time that the securities upon which this Cause of Action is brought were offered to the public and the time plaintiff commenced this action.

SECOND CAUSE OF ACTION

For Violation of §12(a)(2) of the Securities Act Against All Defendants

58. Plaintiff incorporates ¶¶1-57 by reference.

59. This Cause of Action is brought pursuant to §12(a)(2) of the Securities Act against all defendants.

60. This Cause of Action does not sound in fraud. Plaintiff does not allege that any of the defendants had scienter or fraudulent intent, which are not elements of a §12(a)(2) claim.

61. Each of the defendants named in this Cause of Action were sellers, offerors, or solicitors of purchasers of the Oracle notes sold in the February 2026 Note Offering pursuant to the defective Prospectus. The actions of solicitation by these defendants including participating in the preparation of the false and misleading Prospectus and marketing the Oracle notes to investors, including members of the Class. Defendants acted as solicitors/sellers of the notes sold in the February 2026 Note Offering for their own benefit and the benefit of Oracle.

62. The Prospectus for the February 2026 Note Offering was inaccurate and misleading, contained untrue statements of material fact, omitted to state other material facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

63. Each of the defendants named in this Cause of Action owed plaintiff and other members of the Class that purchased Oracle notes pursuant to the Prospectus a duty to make a reasonable and diligent investigation of the statements in the Prospectus to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. By virtue of each of the defendants' failure to exercise reasonable care, the Prospectus contained misrepresentations of material fact and omissions of material fact necessary to make the statements therein not misleading.

64. Plaintiff and the members of the Class did not know, nor in the exercise of reasonable diligence could have known, of the untruths and omissions contained in the Prospectus at the time they purchased the notes issued in the February 2026 Note Offering.

65. By reason of the conduct alleged herein, defendants violated §12(a)(2) of the Securities Act. As a direct and proximate result of such violations, plaintiff and the other members of the Class that purchased Oracle notes pursuant to the Prospectus sustained substantial damages in connection therewith. Accordingly, plaintiff and the other members of the Class that hold the Oracle notes issued pursuant to the Prospectus have the right to rescind and recover the consideration paid for their shares with interest thereon or damages as allowed by law or in equity. Class members that have sold such Oracle notes seek damages to the extent permitted by law.

THIRD CAUSE OF ACTION

For Violation of §15 of the Securities Act Against the Individual Defendants

66. Plaintiff incorporates ¶¶1-65 by reference.

67. This Cause of Action is brought pursuant to §15 of the Securities Act against the Individual Defendants.

68. The Individual Defendants each were control persons of Oracle by virtue of their positions as directors and/or senior officers of Oracle. The Individual Defendants each had a series of direct and/or indirect business and/or personal relationships with other directors and/or officers and/or major shareholders of Oracle.

69. The Individual Defendants each were culpable participants in the violations of §§11 and 12(a)(2) of the Securities Act alleged in the Causes of Action above, based on their having signed or authorized the signing of the Registration Statement and having otherwise participated in the process that allowed the February 2026 Note Offering to be successfully completed as detailed herein.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment as follows:

- A. Determining that this action is a proper class action, certifying plaintiff as a Class representative under Tenn. R. Civ. P. 23, and appointing plaintiff's counsel as Class Counsel;
- B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- C. Awarding rescission for the purchase of the notes sold in the February 2026 Note Offering or a rescissory measure of damages;
- D. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- E. Such equitable/injunctive or other relief as deemed appropriate by the Court.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED: July 1, 2026

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