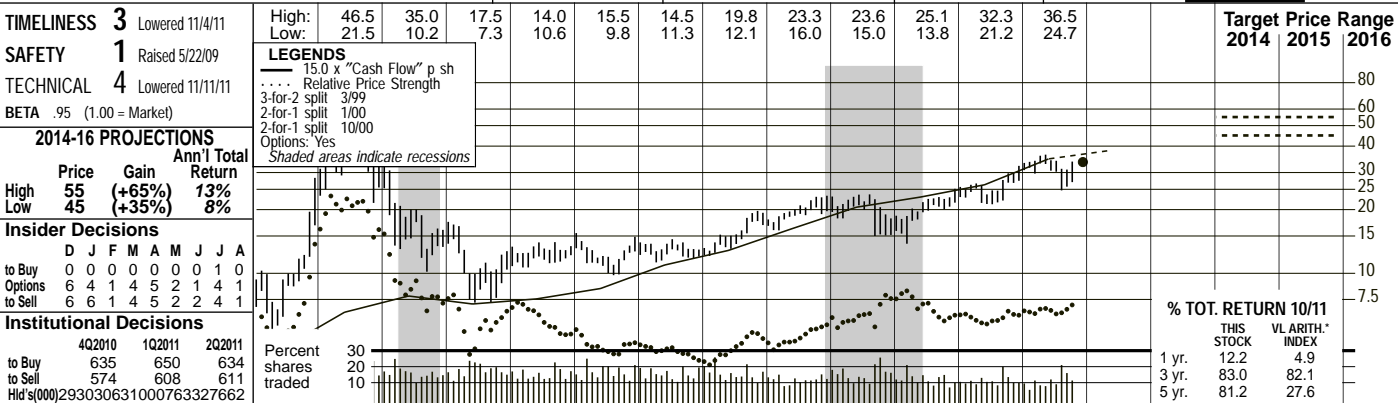


# ORACLE NDQ-ORCL

RECENT PRICE **33.61** P/E RATIO **14.1** (Trailing: 14.7 Median: 17.0) RELATIVE P/E RATIO **0.95** DIV'D YLD **0.7%** VALUE LINE



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
.51	.72	.97	1.22	1.54	1.80	1.94	1.78	1.81	1.96	2.36	2.82	3.57	4.39	4.69	5.38	7.07	7.75	Sales per sh <sup>A</sup>	10.25
.10	.15	.19	.22	.29	.44	.52	.48	.50	.56	.73	.85	1.09	1.37	1.53	1.75	2.32	2.55	"Cash Flow" per sh	3.50
.07	.11	.14	.16	.22	.35	.46	.39	.43	.50	.68	.80	1.01	1.30	1.44	1.67	2.22	2.42	Earnings per sh <sup>B</sup>	3.25
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.04	.05	.07	.06	.06	.05	.06	.05	.06	.04	.04	.05	.06	.05	.11	.05	.09	.05	Cap'l Spending per sh	.05
.21	.32	.40	.51	.65	1.15	1.12	1.13	1.21	1.55	2.11	2.87	3.31	4.47	5.01	6.13	7.85	9.10	Book Value per sh <sup>D</sup>	14.00
5850.3	5902.4	5867.8	5840.0	5724.5	5615.1	5592.4	5431.0	5233.0	5171.0	5145.0	5232.0	5107.0	5150.0	5005.0	5026.0	5068.0	5000.0	Common Shs Outst'g <sup>C</sup>	4700.0
28.9	31.3	32.4	31.9	26.9	NMF	NMF	36.8	24.6	25.1	17.9	16.3	17.0	15.8	13.1	13.6	13.0		Avg Ann'l P/E Ratio	15.0
1.93	1.96	1.87	1.66	1.53	NMF	NMF	2.01	1.40	1.33	.95	.88	.90	.95	.87	.86	.79		Relative P/E Ratio	1.00
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**CAPITAL STRUCTURE as of 8/31/11**  
 Total Debt \$14789 mill. Due in 5 Yrs \$5900 mill.  
 LT Debt \$14789 mill. LT Interest \$775.0 mill. (27% of Cap'l)  
 Leases, Uncapitalized Annual rentals \$458.0 mill.

**No defined benefit pension plan**  
 Pfd Stock None

**Common Stock** 5,051,000,000 shs.

**MARKET CAP: \$169.7 billion (Large Cap)**

CURRENT POSITION	2010	2011	8/31/11		
Cash Assets (\$MILL.)	18469	28848	31660		
Receivables	5585	6628	4194		
Inventories (LCOM/FIFO)	259	303	259		
Other	2691	3395	3093		
Current Assets	27004	39174	39206		
Accts Payable	775	701	614		
Debt Due	3145	1150	--		
Deferred Revenue	5900	6802	7925		
Other	4871	5539	4517		
Current Liab.	14691	14192	13056		

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 of change (per sh)		
Sales	12.0%	18.5%	12.5%		
"Cash Flow"	17.5%	21.0%	13.5%		
Earnings	20.0%	22.5%	13.0%		
Dividends	--	--	19.0%		
Book Value	21.0%	26.5%	17.0%		

**BUSINESS:** Oracle Corporation develops, manufactures, markets, distributes, and services database and middleware software, applications software, and hardware systems, primarily consisting of computer server and storage products. 2011 revenue breakdown: New software licenses, 26.0%; software license updates and product support, 41.5%; hardware systems, 12.3%; hardware support, 7.2%; services, 13.0%. Foreign sales were 57% of total in 2011. R&D: 12.7% of 2011 sales. Employed 108,000 at 5/31/11. Stock owners: Lawrence J. Ellison, 22.4%; other officers & directors, 0.8% (8/11 proxy). Chrmn: Jeffrey O. Henley. CEO: Lawrence J. Ellison. Inc.: DE. Addr.: 500 Oracle Parkway, Redwood City, CA 94065. Tel.: 650-506-7000. Internet: www.oracle.com.

**It looks like fiscal 2012 will be another good one for Oracle Corporation.** (Years end May 31st.) The year began with the tech giant experiencing healthy demand on both a geographic and product basis, and its financial performance for the August quarter generally met with investors' approval. The breadth of Oracle's software offerings put it in a favorable position to expand, given large corporations' increasing expenditure in this regard. On point, the company has made deep inroads with its database and middleware — which has evolved to meet its customers' needs and incorporate technological advances — and it has acquired an expansive range of applications over the last five to 10 years. Add in a good reputation for customer service, and the combination makes it difficult for Oracle's competition to gain entrance with its customers. Moreover, sales of the company's Exadata and Exalogic systems (optimized combinations of hardware and software) continue to ramp up nicely, giving it the means to further penetrate its markets. **Oracle's hardware business is doing fine, in our view.** True, hardware systems revenue is not yet on a growth path, but the margin in this part of its business has widened, as the company has focused its sales force on its proprietary hardware and away from generic servers. The result is a hardware business that is more profitable than when it was acquired in the deal for Sun Microsystems. As it stands now, we think Oracle's hardware business will start to show revenue growth next year, supported by new product offerings and continued expansion of the Exadata and Exalogic lines. **We have made only minor adjustments to our revenue and earnings estimates for 2012.** Although we are looking for a little less revenue, our earnings call is now \$2.42 a share, up \$0.02. **Oracle shares remain neutrally ranked for Timeliness.** The current prospects for global economic growth are uneven, but Oracle's markets should continue expanding, with the company well positioned to meet its customers needs. That said, the stock's rebound since our August report makes it of less interest to longer-term investors, in our view.

*Charles Clark* *November 18, 2011*

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) <sup>A</sup>				Full Fiscal Year
	Aug.Per	Nov.Per	Feb.Per	May.Per	
2008	4593	5364	5371	7281	22609
2009	5422	5687	5504	6882	23495
2010	5063	5872	6469	9630	27034
2011	7588	8649	8807	10806	35850
2012	8398	9250	9425	11552	38625

Fiscal Year Ends	EARNINGS PER SHARE <sup>AB</sup>				Full Fiscal Year
	Aug.Per	Nov.Per	Feb.Per	May.Per	
2008	.22	.31	.30	.47	1.30
2009	.29	.34	.35	.46	1.44
2010	.30	.39	.38	.60	1.67
2011	.42	.51	.54	.75	2.22
2012	.48	.57	.59	.78	2.42

Calendar	QUARTERLY DIVIDENDS PAID <sup>E</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2007	--	--	--	--	--
2008	--	--	--	--	--
2009	--	.05	.05	.05	.15
2010	.05	.05	.05	.05	.20
2011	.05	.06	.06	.06	.24

(A) Fiscal year ends May 31st.  
 (B) Primary earnings through '97, then diluted. Quarters may not add to total. Excl. nonrec.  
 (C) In millions, adjusted for splits. (D) Incl. intang. In 2011, \$21.6 bill., \$4.26 a share.  
 (E) Initial dividend paid May 8, 2009. Dividends paid mid-January, April, July, and October.

**Company's Financial Strength** A++  
**Stock's Price Stability** 85  
**Price Growth Persistence** 70  
**Earnings Predictability** 100