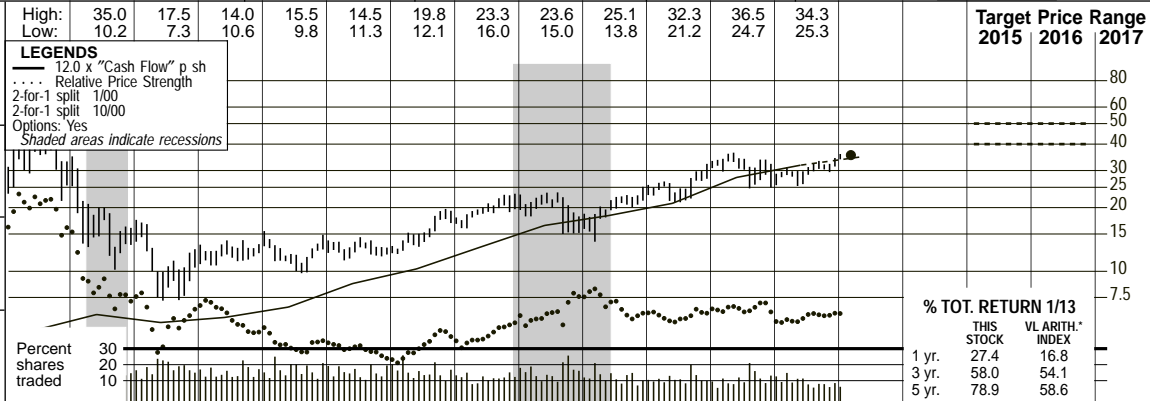


# ORACLE NDQ-ORCL

RECENT PRICE **35.48** P/E RATIO **13.1** (Trailing: 13.6; Median: 16.0) RELATIVE P/E RATIO **0.78** DIV'D YLD **0.7%** VALUE LINE

TIMELINESS **2** Raised 12/28/12  
SAFETY **1** Raised 5/22/09  
TECHNICAL **3** Lowered 12/7/12  
BETA .95 (1.00 = Market)



**2015-17 PROJECTIONS**  
Price: High 50, Low 40  
Gain: (+40%), (+15%)  
Ann'l Total Return: 10%, 4%

**Insider Decisions**  
M A M J J A S O N  
to Buy 0 0 0 0 0 0 0 0 0  
Options 3 1 1 1 7 3 4 3 2  
to Sell 3 1 1 1 6 3 4 3 2

**Institutional Decisions**  
12/2012 2/2012 3/2012  
to Buy 599 573 504  
to Sell 711 675 700  
Hld's(000)299579327606252867566

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
.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	7.59	8.15	Sales per sh <sup>A</sup>	10.50
.15	.19	.22	.29	.44	.52	.48	.50	.56	.73	.85	1.09	1.37	1.53	1.75	2.32	2.65	2.90	"Cash Flow" per sh	3.75
.11	.14	.16	.22	.35	.46	.39	.43	.50	.68	.80	1.01	1.30	1.44	1.67	2.22	2.46	2.70	Earnings per sh <sup>AB</sup>	3.50
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.05	.07	.06	.06	.05	.06	.05	.06	.04	.04	.05	.06	.05	.11	.05	.09	.13	.15	Cap'l Spending per sh	.15
.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	8.91	9.75	Book Value per sh <sup>D</sup>	15.25
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	4905.0	4700.0	Common Shs Outst'g <sup>C</sup>	4400.0
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	13.7	13.0	12.0		Avg Ann'l P/E Ratio	13.0
1.96	1.87	1.66	1.53	NMF	NMF	2.01	1.40	1.33	.95	.88	.90	.95	.87	.87	.82	.76		Relative P/E Ratio	.85
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**CAPITAL STRUCTURE as of 11/30/12**  
Total Debt \$19757 mill. Due in 5 Yrs \$4750 mill.  
LT Debt \$18507 mill. LT Interest \$840.0 mill.  
(43% of Cap'l)  
Leases, Uncapitalized Annual rentals \$406.0 mill.  
**No Defined Benefit Pension Plan**  
Pfd Stock None  
**Common Stock** 4,748,000,000 shs.  
**MARKET CAP: \$168.0 billion (Large Cap)**

9673.0	9475.0	10156	12119	14771	18208	22609	23495	27034	35850	37221	38225	Sales (\$mill) <sup>A</sup>	46175	
40.7%	39.8%	40.4%	42.5%	41.9%	42.1%	43.9%	47.3%	47.2%	45.3%	47.5%	49.0%	Operating Margin	49.0%	
363.0	327.0	234.0	206.0	223.0	249.0	268.0	263.0	298.0	368.0	486.0	525	Depreciation (\$mill)	600	
2224.0	2307.0	2681.0	3541.0	4246.0	5295.0	6799.0	7393.0	8494.0	11395	12520	13150	Net Profit (\$mill)	16000	
34.7%	32.6%	32.0%	28.8%	29.7%	28.6%	29.5%	28.7%	27.1%	25.3%	24.0%	25.0%	Income Tax Rate	25.0%	
23.0%	24.3%	26.4%	29.2%	28.7%	29.1%	30.1%	31.5%	31.4%	31.8%	33.6%	34.4%	Net Profit Margin	34.7%	
4768.0	5069.0	7064.0	416.0	5044.0	3496.0	8074.0	9432.0	12313	24982	24635	28000	Working Cap'l (\$mill)	30000	
298.0	175.0	163.0	159.0	5735.0	6235.0	10235	9237.0	11510	14772	13524	18500	Long-Term Debt (\$mill)	20000	
6117.0	6320.0	7995.0	10837	15012	16919	23025	25090	30798	39776	43688	45750	Shr. Equity (\$mill)	67250	
34.8%	35.6%	33.0%	32.3%	20.9%	23.6%	21.0%	22.3%	21.0%	21.6%	22.6%	21.0%	Return on Total Cap'l	17.0%	
36.4%	36.5%	33.5%	32.7%	28.3%	31.3%	29.5%	29.5%	27.6%	28.6%	28.7%	28.5%	Return on Shr. Equity	24.0%	
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**CURRENT POSITION (SMILL.)**

	2011	2012	11/30/12
Cash Assets	28848	30676	33695
Receivables	6628	6377	4401
Inventories (FIFO)	303	158	164
Other	3395	2812	2869
Current Assets	39174	40023	41129
Accts Payable	701	438	375
Debt Due	1150	2950	1250
Deferred Revenue	6802	7035	6504
Other	5539	4965	4218
Current Liab.	14192	15388	12347

**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. 2012 revenue breakdown: New software licenses, 26.7%; software license updates and product support, 43.7%; hardware systems, 10.3%; hardware support,

6.7%; services, 12.6%. Foreign sales were 57.5% of total in 2012. R&D: 12.2% of 2012 sales. Employed 115,000 at 5/31/12. Stock owners: Lawrence J. Ellison, 23.5%; other officers & directors, 0.7% (9/12 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.

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11
of change (per sh)			
Sales	12.5%	19.0%	9.5%
"Cash Flow"	16.0%	21.0%	11.0%
Earnings	18.0%	22.0%	10.5%
Dividends	--	--	11.0%
Book Value	20.5%	24.0%	15.0%

**Business remains active at Oracle Corp.** New software licenses advanced nearly 12% in the first half of fiscal 2013 (ends May 31st), with sales growth evident across a broad geography (including Europe) and each product category—database, middleware, and applications. Meanwhile, license updates and support, which accounts for 60%-65% of the revenue generated by Oracle's software business, moved forward by some 5%, a favorable rate for this high-margined line. Attach rates for support remain high, which speaks well of the company's products and services and its customer relationships. Elsewhere, at this juncture, growth remains elusive on the hardware side. Nonetheless, this business seems to have stabilized in the last couple of quarters, as the effects of Oracle's repositioning (away from commodity servers and storage systems) have taken hold. On point, although expansion does not yet seem to be in the cards for the third quarter, Oracle is expecting growth in the hardware business in the fourth, with expanding margins (which have improved markedly since being acquired from Sun).

**We have made some minor adjustments to our revenue and earnings estimates for 2013.** The \$25 million decrease in the top line and the nickel increase in the bottom line are best viewed as mid-course corrections. Indeed, we still look for Oracle to continue tracking forward in its fiscal second half. Its software business is quite healthy, and is benefiting from the push into cloud services and the focus on vertical markets. In addition, engineered systems—Exadata, Exalogic, and Exalytics—remain on a steep ramp, with bookings advancing rapidly. Meanwhile, the software giant's salesforce is maintaining good productivity, despite an additional 6,000 reps being added in the last six quarters. Finally, overall operating expenses should remain under control. **Oracle shares are favorably ranked for Timeliness.** Earnings look to advance some 10% this year, with another 10% likely in 2014, notable for a company Oracle's size. And although the stock is not trading at a bargain price, the earnings growth we envision supports the shares' good near-term prospects.

*Charles Clark* February 15, 2013

**QUARTERLY SALES (\$ mill.)<sup>A</sup>**

Fiscal Year Ends	Aug.Per	Nov.Per	Feb.Per	May.Per	Full Fiscal Year
2009	5422	5687	5504	6882	23495
2010	5063	5872	6469	9630	27034
2011	7588	8649	8807	10806	35850
2012	8398	8811	9062	10950	37221
2013	8209	9113	9400	11503	38225

**EARNINGS PER SHARE<sup>AB</sup>**

Fiscal Year Ends	Aug.Per	Nov.Per	Feb.Per	May.Per	Full Fiscal Year
2009	.29	.34	.35	.46	1.44
2010	.30	.39	.38	.60	1.67
2011	.42	.51	.54	.75	2.22
2012	.48	.54	.62	.82	2.46
2013	.53	.64	.66	.87	2.70

**QUARTERLY DIVIDENDS PAID<sup>E</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	--	.05	.05	.05	.15
2010	.05	.05	.05	.05	.20
2011	.05	.06	.06	.06	.23
2012	.06	.06	.06	.18	.36

(A) Fiscal year ends May 31st. (B) Primary earnings through '97, then diluted. Excl. nonrec. items: '98, d2c; '00, 70c; '05, d13c; '06, d12c; '07, d20c; '08, d24c; '09, d35c; '10, d46c; '11, d55c; '12, d50c. Next earnings report due mid-March. (C) In millions, adjusted for splits. (D) Incl. intang. In 2012, \$25.1 bill., \$5.12 a share. (E) Initial div'd paid May 8, 2009. Div'ds paid early February, May, August, and November. Company's Financial Strength A++ Stock's Price Stability 85 Price Growth Persistence 80 Earnings Predictability 100