BERNSTEIN
SOCIETE GENERALE GROUP

2 September 2026

Global Software

Oracle Corp

Rating

Outperform

Price Target

ORCL **325.00 USD**



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Oracle FY26: What is really going on under the hood - our latest update

Oracle has been an extremely controversial and volatile stock with the latest bull and bear cases focused on the company's AI datacenters. The concerns center around 1) the profitability; 2) stability; and 3) cash requirements of the massive build out underway to meet their long-term non-cancelable contract commitments . While investors are focused on the OCI business, understanding the rest of the company and its ability to fund investment and drive profits are critical whether you are a bull or a bear.

Back in 2018, we broke Oracle's revenue by major product areas to better understand which products were 1) shrinking, 2) flattish and 3) growing. Today's note updates the time-series through FY26. Oracle's revenue growth has been steadily improving, as Cloud revenue continues to outgrow other parts of the business driven by strong growth in OCI Gen II (incl. Cloud database & AI) and Strategic Back Office (ERP and HCM).

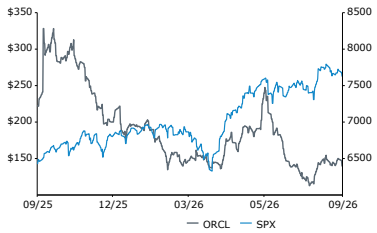
For FY27, we expect growth acceleration driven by strength in Cloud business. Oracle is in an investment phase that will not only drive revenue and profit acceleration, but also build the technology and market credibility that will allow them to drive sovereign Cloud AI revenue.

Close Date	1 Sep 2026
ORCL Close Price (USD)	141.32
Price Target (USD)	325.00
Upside/(Downside)	130%
52-Week Range	345.72/114.50
SPX	7,631.47
FYE	May
Div Yield	1.4%
Market Cap (USD) (M)	407,068
EV (USD) (M)	548,154

Performance	YTD	1M	6M	12M
Absolute (%)	(27.5)	8.8	(2.8)	(37.5)
SPX (%)	11.5	1.9	10.9	18.1
Relative (%)	(39.0)	6.9	(13.7)	(55.6)

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Investment Implications

Oracle ($325 TP, OP) is in the early days of a major investment cycle to drive revenue, earnings and FCF growth and potentially become the 3rd largest hyperscaler. In order to understand the company's ability to execute and sustain operating margins while adding substantial lower GM OCI revenue one needs to understand what is happening in the rest of the business which this note details. We believe that the company is nearing the end of their need for additional cash. The value being created is substantial and not included in the valuation. We reiterate our Outperform rating.

Adjusted EPS	F26A	F27E	F28E
ORCL (USD)	7.63	8.57	12.86

Financials	F26A	F27E	F28E	CAGR
Revenues (M)	67,358	90,424	136,842	42.5%
Operating Earnings (M)	28,925	37,935	55,881	39.0%
Net Earnings (M)	22,235	25,246	38,649	31.8%
Revenue/Share	23.11	30.72	45.54	40.4%
Operating Margin (%)	42.9	42.0	40.8	--
Net Income Margin (%)	33.0	27.9	28.2	--
EPS Growth (%)	26.5	12.3	50.1	--

Valuation Metrics	F26A	F27E	F28E
Adjusted P/E (x)	18.5	16.5	11.0
PEG Adjusted (x)	0.7	1.3	0.2
EV/Sales (x)	8.1	6.1	4.0
P/Sales (x)	6.1	4.6	3.1
PEG Reported (x)	0.7	1.3	0.2
EV/EBIT (x)	19.0	14.4	9.8
Div Yield (%)	1.4	1.5	1.5

Source: Bloomberg, Bernstein estimates and analysis.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.
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VALUATION COMPS TABLE

	9/1/2026		Net Cash Per Share		Free Cash Flow (LTM)		Revenue Growth	Valuation Multiples			
	Company	Share Price	$	% of Share Price	Per Share ($)	% Yield	NTM (%)	EV / NTM Revenue	P / FE	Price / FCF (LTM)	PEG Ratio
Bernstein Coverage	Adobe	$286.29	(3.48)	(1.2%)	24.86	8.7%	10.1%	4.1x	11.1x	11.1x	0.8x
	Microsoft	$500.47	(6.97)	(1.4%)	8.99	1.8%	18.2%	9.6x	25.3x	55.5x	1.7x
	Oracle	$140.92	(46.51)	(33.0%)	(8.13)	N/A	32.7%	6.1x	17.5x	N/A	3.0x
	MongoDB	$434.36	28.66	6.6%	7.15	1.6%	18.6%	10.6x	67.9x	59.1x	3.3x
	Salesforce.com	$257.56	(33.86)	(13.1%)	16.84	6.5%	10.3%	5.0x	17.6x	14.1x	-1.4x
	HubSpot	$251.45	21.13	8.4%	12.64	5.0%	14.0%	2.9x	16.7x	19.0x	0.6x
	SAP	$212.28	1.09	0.5%	7.39	3.5%	11.5%	6.1x	23.6x	30.2x	1.3x
	Snowflake	$319.22	0.54	0.2%	3.43	1.1%	28.8%	17.0x	148.0x	94.6x	2.8x
	Quantinuum	$47.93	8.91	18.6%	(1.20)	N/A	50.3%	278.3x	N/A	N/A	N/A
	Workday	$198.45	(1.40)	(0.7%)	11.02	5.6%	10.3%	4.3x	16.5x	16.8x	0.9x
Other Comps	Autodesk	$247.96	6.78	2.7%	13.33	5.4%	12.6%	5.7x	19.0x	18.3x	1.1x
	ServiceNow	$143.81	(3.64)	(2.5%)	4.39	3.1%	20.0%	8.6x	31.6x	32.5x	1.5x
	Amadeus	$65.00	(7.15)	(11.0%)	4.77	7.3%	8.6%	4.4x	15.0x	13.5x	1.2x
	Datadog	$223.24	10.14	4.5%	2.93	1.3%	24.5%	15.5x	80.8x	74.9x	5.2x

Source: Bloomberg, Bernstein analysis

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DETAILS

Oracle is one of the more controversial names in our coverage and yet it was the most crowded[1] (Link). With interest quite high recently but the story quite complex and not well understood we are updating our Under the Hood note to show exactly what is driving Oracle's numbers. In virtually every conversation we have on the name our clients are interested in not simply what is driving current numbers but getting a sense of how the business will evolve over time as they build all the AI data center capacity to meet their RPO.

Given the complexity of the business, and likely the most complex Cloud transition story in software, we would argue that without a detailed understanding of what is happening under the hood one can not clearly see why Oracle, after years of quiet investment, is positioned to grow faster and become one of the largest hyperscalers in the world.

This note should help the reader understand the growth trajectory of each of the businesses and the underlying margins. Oracle's Cloud build-out is going to require cash and the core businesses, especially (Oracle database, on-premise apps, Fusion, NetSuite and of course OCI sovereign Cloud) will deliver a lot of growth as well as cash to help fund the build-out and therefore must be included in anyone's consideration of the stock.

Back in 2018, we first went through the process of breaking Oracle's revenue into its major product areas to assist our clients in better understanding the company and which products were 1) shrinking, 2) flattish and 3) growing. Since then, we have updated our estimates and now can give a valuable time-series dataset through FY26.

Today's note, our 6th in our Oracle Under the Hood series, looks at the fundamentals of the business, breaking out the different revenue drivers and components of the business. While investor focus has shifted to AI training datacenter revenue (Oracle: The story is better than we thought, with better upside potential) there are other drivers of growth including: OCI's sovereign Cloud business, Oracle Cloud database, Strategic back office. What you find is a quality business with strong growth drivers powering though as many of their peers have seen weakness in the current economic conditions.

Given the complexity of the business, and likely the most complex Cloud transition story in software, we would argue that without a detailed understanding of what is happening under the hood one can not clearly see why Oracle, after years of quiet investment, is positioned to grow faster — even in a slowing economy. Today's note should help.

UNDERSTANDING ORACLE'S REVENUE BREAKDOWN

Given the complexity of Oracle's business and with the current level of disclosures it is difficult, we understand, for investors to comprehend what is happening "under the hood" within the business. To help our clients we provide detailed product/segment-level historical revenue breakdown in Exhibit 2 incorporating management commentary to date.

We highlight that Cloud is not only becoming a larger portion of software revenues (~58% of revenue up from 50% last year), but Cloud is also growing much faster (~39% YoY) than total company revenue, on an organic basis, and even software (19% YoY). Cloud growth is primarily driven by two factors:

- Strategic Back Office (ERP and HCM) continues to grow at a very healthy clip and is becoming a larger and larger portion of SaaS revenue. Overall SaaS revenue grew11% in FY26.

- OCI Gen 2, which contains an AI datacenter component a more traditional IaaS/PaaS business as well as a very valuable sovereign Cloud / white box offering, is very differentiated from its hyperscaler Cloud provider peers and its neocloud competitors. It generated ~6.8B in FY24 and ~$10.2B in FY25 growing 50% and $18.1B in FY26 growing 77% and accelerating. It continues to grow significantly faster than overall Cloud and therefore, as it becomes larger, it accelerates Cloud and overall revenue but it is a headwind to gross margins but not less so on operating margins. OCI is also growing faster than its peers (Exhibit 3), off a lower base (Exhibit 4). Note that shortly Oracle OCI has surpassed Alibaba[2] in size and is still much smaller but potentially with aspirations of catching up to Google.

[1] Before Microsoft delivered a very strong quarter and interest in the name increased substantially.

[2] Alibaba is covered by Bernstein's China Internet team.

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- OCI Gen 2 traditional datacenter business supports a wide range of enterprise customers as well as some digitally native organizations and focuses on high availability, security, and performance, differentiating it from its traditional hyperscaler competitors.

- OCI Gen 2 sovereign Cloud supports a far smaller footprint (10 and now 3 racks of servers with as few as dozens of servers) with a tighter footprint and out-of-the-box guaranteed hardware and software security. The combination of capabilities are well suited for sovereign governments, sovereign Clouds and regulated industries and is quite differentiated from what either its hyperscaler or neoCloud competitors can offer

- OCI Gen 2 AI leverages a wide range of Oracle IP at the hardware, networking, and software layer and is designed for flexibility and reconfigurability. Combined with security, which is key in an AI forward world given the critical data and the potential of security breach contaminating a model, and/or search results has positioned Oracle to capture 300B+ of AI RPO.

Software license revenue (organic) shrank 9% as customers move on-premise workloads to the Cloud. Note that this is not simply apps moving to Cloud (e.g. on-premise ERP to Fusion) but now Oracle database moving with triple digits YoY growth driven by Microsoft, Amazon and Google.

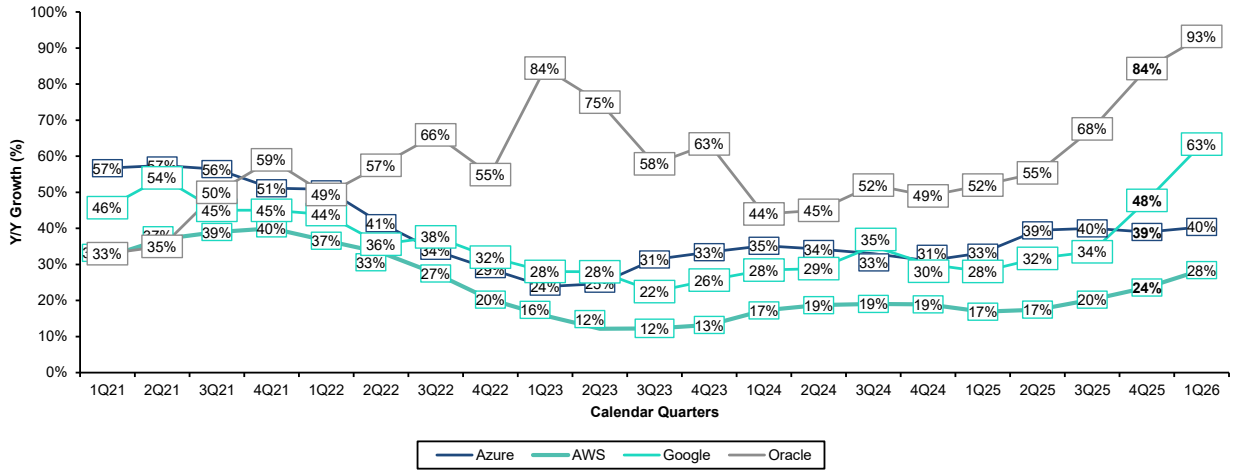
EXHIBIT 2: **Oracle's Product/Segment-Level Revenues and Growth Trends**

All figures are on a GaaP basis ($M)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	1Q26	2Q26	3Q26	4Q26
SaaS	5,912	6,697	7,995	11,365	12,945	14,272	15,889	3,839	3,898	4,026	4,126
PaaS/IaaS	1,825	2,089	2,835	4,517	6,830	10,235	18,101	3,347	4,079	4,888	5,787
NSL	5,128	5,398	5,878	5,779	5,081	5,201	4,736	766	939	1,150	1,881
Support	19,654	19,914	19,365	19,426	19,608	19,523	19,805	4,955	4,938	4,969	4,943
Software Revenue	**32,519**	**34,098**	**36,052**	**41,087**	**44,464**	**49,231**	**58,531**	**12,907**	**13,854**	**15,033**	**16,737**
Y/Y Growth											
SaaS	**13%**	**13%**	**19%**	**42%**	**14%**	**10%**	**11%**	**11%**	**11%**	**13%**	**10%**
PaaS/IaaS	**6%**	**14%**	**36%**	**59%**	**51%**	**50%**	**77%**	**55%**	**68%**	**84%**	**93%**
NSL	**-12%**	**5%**	**9%**	**-2%**	**-12%**	**2%**	**-9%**	**-12%**	**-21%**	**2%**	**-6%**
Support	**-1%**	**1%**	**-3%**	**0%**	**1%**	**0%**	**1%**	**1%**	**1%**	**4%**	**0%**
Software Revenue	**0%**	**5%**	**6%**	**14%**	**8%**	**11%**	**19%**	**13%**	**15%**	**24%**	**22%**
Applications Revenue	**11,777**	**12,254**	**13,090**	**17,335**	**18,780**	**20,023**	**21,470**	**5,253**	**5,296**	**5,424**	**5,497**
SaaS	5,912	6,697	7,995	11,365	12,945	14,272	15,889	3,839	3,898	4,026	4,126
On-Premise	5,865	5,557	5,095	5,970	5,835	5,751	5,581	1,414	1,398	1,398	1,371
Applications Revenue - Y/Y Growth	**2%**	**4%**	**7%**	**32%**	**8%**	**7%**	**7%**	7%	7%	9%	6%
SaaS - Y/Y Growth	13%	13%	19%	42%	14%	10%	11%	11%	11%	13%	10%
On-Premise - Y/Y Growth	-6%	-5%	-8%	17%	-2%	-1%	-3%	-3%	-3%	-1%	-5%
Platform and Infrastructure	**20,742**	**21,844**	**22,962**	**23,752**	**25,684**	**29,208**	**37,061**	**7,654**	**8,558**	**9,609**	**11,240**
PaaS/IaaS	1,825	2,089	2,835	4,517	6,830	10,235	18,101	3,347	4,079	4,888	5,787
On-Premise	18,917	19,755	20,127	19,235	18,854	18,973	18,960	4,307	4,479	4,721	5,453
Platform and Infra - Y/Y Growth	**-2%**	**5%**	**5%**	**3%**	**8%**	**14%**	**27%**	18%	21%	34%	32%
PaaS/IaaS - Y/Y Growth	6%	14%	36%	59%	51%	50%	77%	55%	68%	84%	93%
On-Premise - Y/Y Growth	-2%	4%	2%	-4%	-2%	1%	0%	0%	-3%	5%	-1%
PaaS/IaaS	**1,825**	**2,089**	**2,835**	**4,517**	**6,830**	**10,235**	**18,101**	**3,347**	**4,079**	**4,888**	**5,787**
Hosting	474	443	396	367	415	322	307	91	114	72	30
PaaS/IaaS ex-hosting (OCI)	1,351	1,646	2,440	4,150	6,415	9,913	17,794	3,256	3,965	4,816	5,757
Cloud Database services				1,368	1,850	2,300	2,990	700	710	742	839
OCI ex-Cloud Database				2,782	4,565	7,613	14,804	2,556	3,256	4,074	4,919
PaaS/IaaS - Y/Y Growth	**6%**	**14%**	**36%**	**59%**	**51%**	**50%**	**77%**	55%	68%	84%	93%
Hosting - Y/Y Growth	-6%	-7%	-11%	-7%	13%	-22%	-5%	-5%	-4%	-6%	0%
PaaS/IaaS ex-hosting - Y/Y Growth	11%	22%	48%	70%	55%	55%	80%	58%	71%	87%	94%
Cloud Database services					35%	24%	30%	33%	29%	29%	29%
OCI ex-Cloud Database					64%	67%	94%	67%	84%	104%	112%

Source: Company reports, Bernstein estimates and analysis

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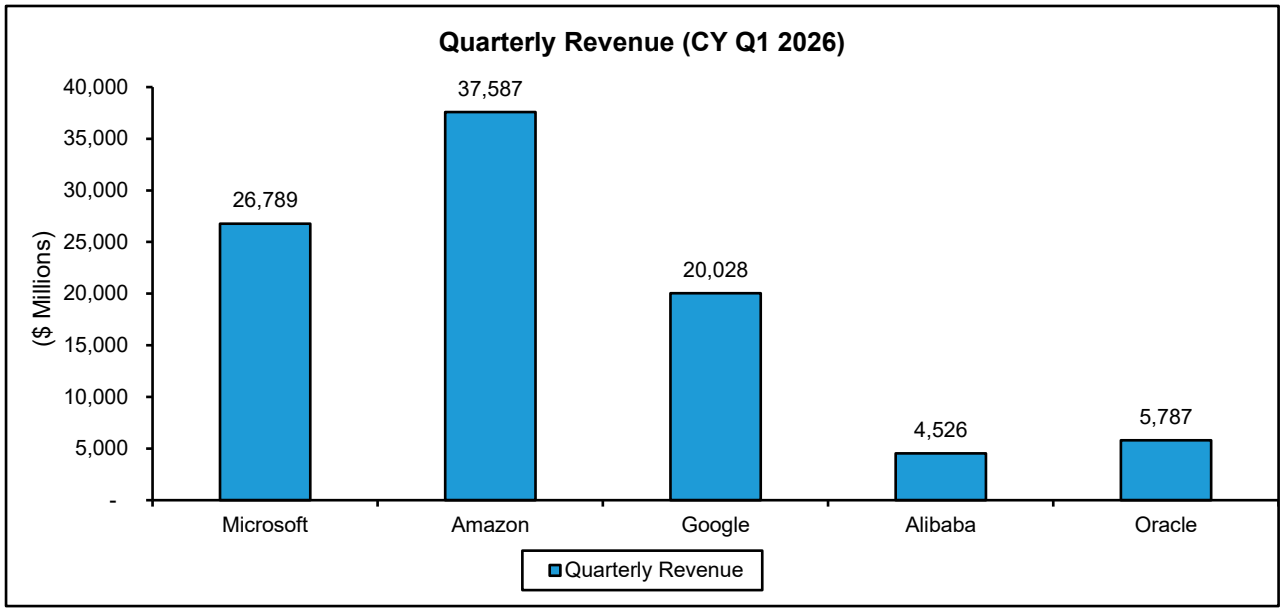
EXHIBIT 3: **Oracle OCI continues to outgrow its peers ...**



Source: Company reports, Bernstein analysis

EXHIBIT 4: **.. but off a smaller base compared to MSFT, AWS and GCP**

Note that Oracle OCI revenue is now larger than Alibaba and the #4 global hyperscale Cloud provider



Source: Company reports, Bernstein analysis

OUR UPDATE ON THE GROWING, STABLE AND DECLINING REVENUE BUCKETS

Five years ago Oracle started to discuss the company in terms of 3 buckets: Growing, stable and declining to help investors better understand the makeup of the business and why they believed revenue would grow. The problem was that Oracle is one of the most complex software companies and with different products and offerings in different stages of maturity (or in some cases in decline) investors could not understand the underlying strength of the business.

We therefore created our own breakdown of the company's revenue into those 3 buckets, updating those numbers over the years. The time series we have created should help our clients understand the trajectory of these businesses and validate our thesis that revenue is going to accelerate. Equally important this data should help those new to Oracle understand not just the business but also the drivers of growth (other than OCI) and the strong drivers of high margins (e.g. SaaS and database), EPS

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and FCF.

In Exhibit 5, we have attempted to classify Oracle's Software revenues based on their growth profiles. We estimate that the Growth, Stable and Declining revenues are 38% (up from 33% in FY24), 40% (down from 44% as growth has accelerated), and 22% (down from 24%) of the total software revenue, respectively. For more details please reach out to the team.

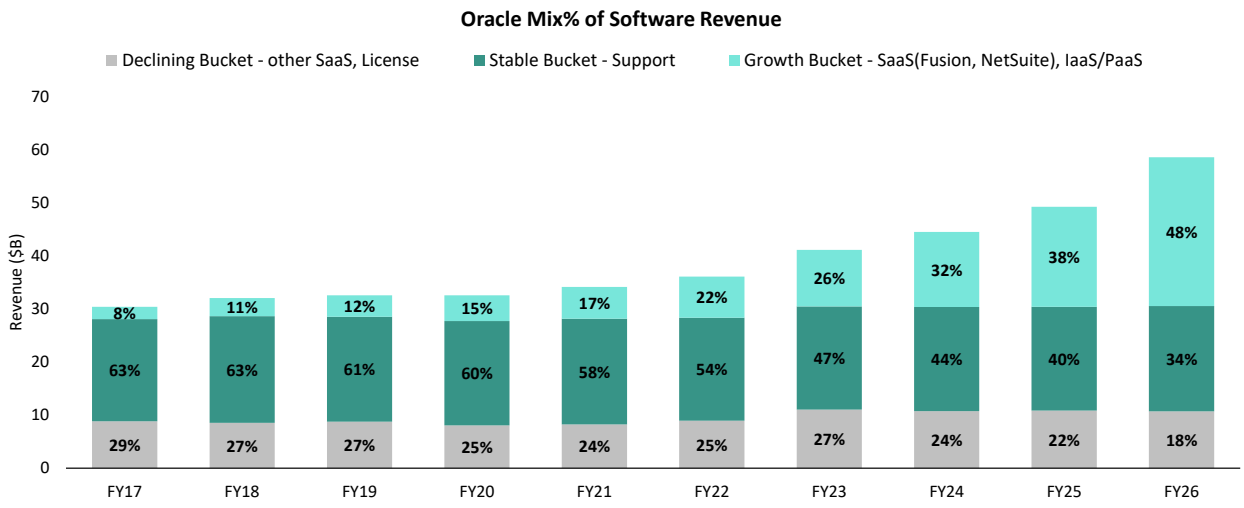
The takeaways that we would like to highlight here are:

- The mix of the Growth bucket within total software revenue is increasing.
- The Stable bucket shrank this year while the Declining revenue buckets was down ~2% YoY with both becoming smaller portions of total software revenue.

Beyond software revenue, Oracle also has meaningful Hardware and Services businesses.

- Hardware was up 5% YoY as compared to FY25. We believe it will continue to be a slowly declining revenue stream as Oracle works to shift customers using Oracle hardware to the Oracle Cloud (SaaS and OCI Gen 2).
- On the services side, revenue increased ~10% as compared to FY25. We consider, Services revenue as inconsequential to our thesis on Oracle due to its low contribution margin (for this reason, most software companies try to limit the size of this business) and decreasing in importance both in an Oracle Cloud and AI centric world. As such, we expect Oracle to aggressively try to reduce the mix of Services revenue (particularly from Cerner) within total revenue. We saw this in FY24. We believe that shrinkage in the % of revenue from professional services will improve overall margins and especially gross margins helping to offset the lower Cloud gross margins.
    - In theory SaaS, once implemented, should require less professional services (training and other components of Services may not be effected). One could also argue that moving Oracle's database to the Autonomous Database, whether in the public Cloud, multicloud or Cloud @ Customer, could decrease the need for Oracle services, but this is our conjecture.

EXHIBIT 5: **Revenue Buckets of Growth (48%) is getting larger and accelerating vs. Stable (34%), and Declining (18%)**



Source: Company reports, Bernstein estimates and analysis

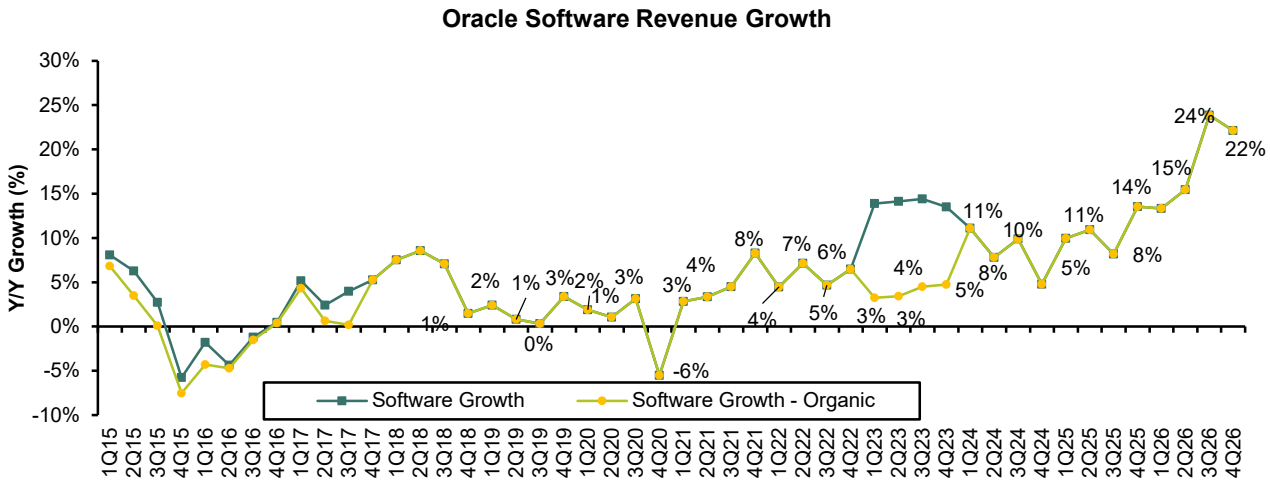
THE MIX SHIFT HELPING ORACLE'S REVENUE GROWTH

Since FY21, Oracle's organic revenue growth has stabilized and steadily improved. We think the current growth momentum is quite durable, driven by steady performance of Oracle's Cloud businesses, which are quite sizable and mature now and receiving an increasing tailwind from OCI. Unfortunately the reported revenue growth is still a bit noisy (Exhibit 6), due to the impact of FX and the variability in software license revenue. But the value being created is much more visible in constant currency organic revenue growth (Exhibit 7). Constant currency growth was in the low to mid single digits through FY21 and

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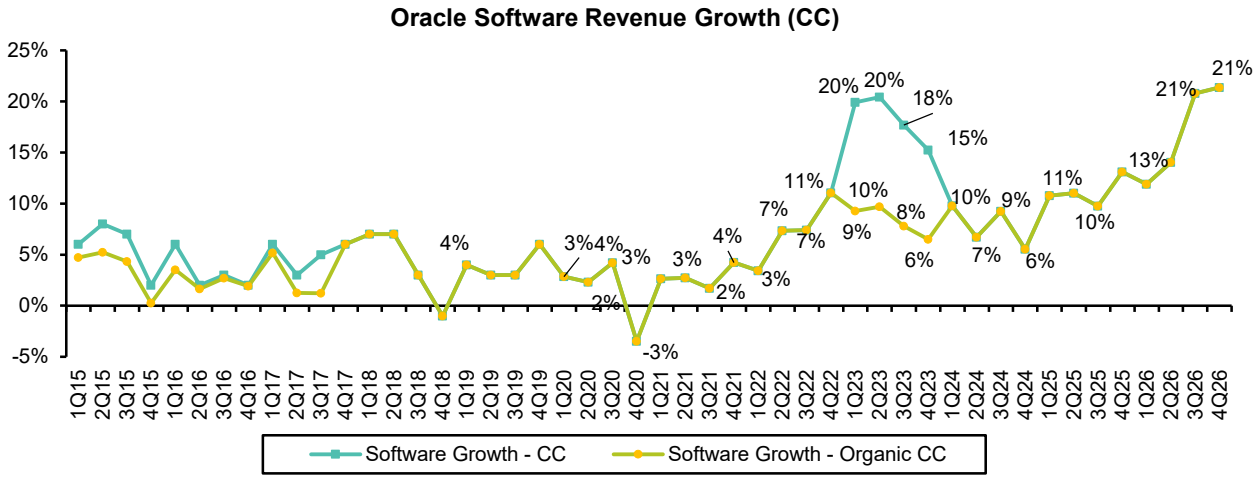
then improved reaching 21% in the last 2 quarters. We expect to see growth to continue to accelerate in FY27 and for the next few years, in-line with management guidance, due to the strength of Oracle's Cloud business and especially OCI Gen 2, both traditional CPU-based IaaS/PaaS (driven by sovereign Cloud) and AI datacenters.

EXHIBIT 6: **Oracle's organic growth stabilized during FY18-23, and is now accelerating due to OCI AI revenue growth**



Source: Company reports, Bernstein estimates and analysis

EXHIBIT 7: **Organic growth improvement is more clearly evident on a constant currency basis**



Source: Organic growth improvement is more clearly evident on a constant currency basis

DIVING INTO CLOUD INFRASTRUCTURE SERVICES

Oracle discloses data about its Cloud Infrastructure Services, which is composed of (see Exhibit 8 and Exhibit 9):

- Oracle's core IaaS/PaaS business, which is comparable to the hyperscalers, generated $18.1B revenue in FY26 growing 77%, accelerating from 50% YoY in FY25 and $10.2B in revenue and management is guiding to growth accelerating in FY27. Note that Oracle's IaaS/PaaS business is now 27% up from18% in FY25 and 13% in FY24 of Oracle's total revenue. While AI datacenters has started to drive growth the non-GPU business, likely driven by sovereign Clouds, is a very important part of the story as discussed below.
    - Oracle's IaaS /PaaS business is the combination of Oracle Cloud@Customer + Oracle OCI Gen2 public Cloud (which includes Autonomous Database) + Oracle AI datacenters + Oracle Cloud database (including Oracle multicloud database).

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- OCI is a combination of CPU and GPU revenue streams with virtually all the GPU-centered revenue tied today to AI labs (e.g. OpenAI and Meta) as well as digitally native companies (e.g. Alibaba) and semiconductor companies (NVIDIA and AMD). We believe that most of the AI revenue is model training rather than inferencing as we are seeing at Microsoft but that could be changing as OpenAI can run inferencing everywhere under the recent updated agreement with Microsoft (Link).

- We believe that sovereign Cloud, which includes governments, countries, private Cloud, and Alloy (white-box versions of Oracle OCI) are a very large and valuable portion of OCI CPU-centered revenue and that over time Oracle could be successful selling OCI AI server racks into the sovereign Cloud customers.

- Oracle's legacy hosting business, which is in decline, was ~307M down from ~322M in FY25. While the business has not totally disappeared it is becoming a tiny portion of Oracle's infrastructure services revenue.

Please note that Cloud@Customer revenue is broken into two parts: fixed commitment (which we understand is a relatively small minimum) and the usage component. We understand that Oracle charges the company effectively a fixed rental fee for the hardware and then consumption fees based on usage for Cloud@Customer. Oracle includes any license and maintenance sales associated with the Autonomous database within license and maintenance revenue and given the large number of customers taking advantage of BYOL (Bring Your Own License). With Dedicated Regions, there is a minimum commitment, with the client paying a portion of fixed (for hardware) and the rest variable. This use of BYOL is the reason Oracle's support revenue is flat[3] even while ERP and database are moving to the Cloud.

Oracle's partnerships with 1st Microsoft, then Oracle and then Amazon has accelerated the transition of the Oracle database to the Cloud. These offerings, which together are called the Oracle MultiCloud database, while still relatively small are moving quickly grew 531% year-over-year in Q3 2026. We see this as both a revenue generating, with Oracle likely capturing a 3x+ revenue lift, and partially offsetting the lower OCI margins. We would not be surprised to see Oracle capturing an 80% margin depending on how the revenue is recognized at Oracle and their multiCloud partner.

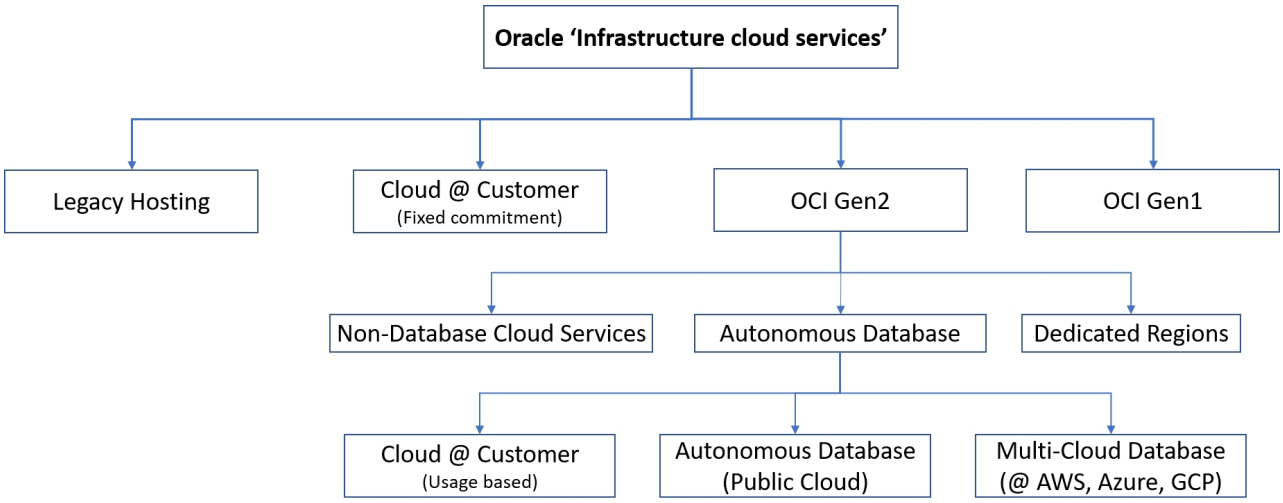
- This offering: 1) drives Oracle's database to the Cloud; 2) drives a revenue lift we estimate of 3x+ database support; and 3) decreases the possibility customers will consider switching off the Oracle database. Most of the additional revenue appears as OCI revenue — another driver of sustained very strong OCI growth.

- Oracle Multicloud (database at Azure, GCP and AWS) is, we believe, very high margin and could deliver SaaS style gross margins, which will help to offset the lower margins of OCI's AI training business.

[3] As clients are not replacing their existing license with subscription or cloud they continue to pay the support fees even when they are running that software on the Oracle Cloud. We see something similar with Microsoft

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EXHIBIT 8: **What is in Oracle's Cloud Infrastructure Services?**



Source: Company reports, Bernstein analysis

Oracle OCI AI

Oracle's OCI AI business (which is part of Oracle PaaS/IaaS), which barely existed 2 years ago, has become not only a large driver of Oracle OCI revenue but is the 1st area anyone talks about when discussing Oracle. Oracle signed a series of AI datacenter contracts starting in June 2025 With OpenAI, Meta, NVIDIA, AMD, ByteDance and others that massively increased Oracle's RPO and drove a substantial investment cycle. These contracts are:

- Ramping contracts comprised of multiple datacenters and capacity coming on-line between FY26 and FY30 in most instances with a single client taking over the whole datacenter from day 1.
- The contracts are non-cancelable
- The initial contract durations are 5–6 years, likely with renewal provisions.

Oracle has already signed leases for the datacenter capacity to meet these contracts (plus some additional capacity) which will be turned over to Oracle between now and the end of FY30. Oracle does not have to pay for these leases until the facility is turned over to Oracle. The company has hardware (servers and power / cooling systems) under construction but does not have meaningful long term commitments for hardware components and can thus manage the timing of purchasing components to meet data center availability.

on 02-Sep-2026

EXHIBIT 9: **FY26, Cloud Infrastructure Services reached ~$18B in revenue, including Database Cloud Services which reached ~$3B runrate exiting the year**

All figures are on a GaaP basis ($M)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	1Q26	2Q26	3Q26	4Q26
SaaS	5,912	6,697	7,995	11,365	12,945	14,272	15,889	3,839	3,898	4,026	4,126
PaaS/IaaS	1,825	2,089	2,835	4,517	6,830	10,235	18,101	3,347	4,079	4,888	5,787
NSL	5,128	5,398	5,878	5,779	5,081	5,201	4,736	766	939	1,150	1,881
Support	19,654	19,914	19,365	19,426	19,608	19,523	19,805	4,955	4,938	4,969	4,943
Software Revenue	**32,519**	**34,098**	**36,052**	**41,087**	**44,464**	**49,231**	**58,531**	**12,907**	**13,854**	**15,033**	**16,737**
Y/Y Growth					**44%**	**50%**	**58%**				
SaaS	**13%**	**13%**	**19%**	**42%**	**14%**	**10%**	**11%**	**11%**	**11%**	**13%**	**10%**
PaaS/IaaS	**6%**	**14%**	**36%**	**59%**	**51%**	**50%**	**77%**	**55%**	**68%**	**84%**	**93%**
NSL	**-12%**	**5%**	**9%**	**-2%**	**-12%**	**2%**	**-9%**	**-12%**	**-21%**	**2%**	**-6%**
Support	**-1%**	**1%**	**-3%**	**0%**	**1%**	**0%**	**1%**	**1%**	**1%**	**4%**	**0%**
Software Revenue	**0%**	**5%**	**6%**	**14%**	**8%**	**11%**	**19%**	**13%**	**15%**	**24%**	**22%**
Applications Revenue	**11,777**	**12,254**	**13,090**	**17,335**	**18,780**	**20,023**	**21,470**	**5,253**	**5,296**	**5,424**	**5,497**
SaaS	5,912	6,697	7,995	11,365	12,945	14,272	15,889	3,839	3,898	4,026	4,126
On-Premise	5,865	5,557	5,095	5,970	5,835	5,751	5,581	1,414	1,398	1,398	1,371
Applications Revenue - Y/Y Growth	**2%**	**4%**	**7%**	**32%**	**8%**	**7%**	**7%**	7%	7%	9%	6%
SaaS - Y/Y Growth	13%	13%	19%	42%	14%	10%	11%	11%	11%	13%	10%
On-Premise - Y/Y Growth	-6%	-5%	-8%	17%	-2%	-1%	-3%	-3%	-3%	-1%	-5%
Platform and Infrastructure	**20,742**	**21,844**	**22,962**	**23,752**	**25,684**	**29,208**	**37,061**	**7,654**	**8,558**	**9,609**	**11,240**
PaaS/IaaS	1,825	2,089	2,835	4,517	6,830	10,235	18,101	3,347	4,079	4,888	5,787
On-Premise	18,917	19,755	20,127	19,235	18,854	18,973	18,960	4,307	4,479	4,721	5,453
Platform and Infra - Y/Y Growth	**-2%**	**5%**	**5%**	**3%**	**8%**	**14%**	**27%**	18%	21%	34%	32%
PaaS/IaaS - Y/Y Growth	6%	14%	36%	59%	51%	50%	77%	55%	68%	84%	93%
On-Premise - Y/Y Growth	-2%	4%	2%	-4%	-2%	1%	0%	0%	-3%	5%	-1%
PaaS/IaaS	**1,825**	**2,089**	**2,835**	**4,517**	**6,830**	**10,235**	**18,101**	**3,347**	**4,079**	**4,888**	**5,787**
Hosting	474	443	396	367	415	322	307	91	114	72	30
PaaS/IaaS ex-hosting (OCI)	1,351	1,646	2,440	4,150	6,415	9,913	17,794	3,256	3,965	4,816	5,757
Cloud Database services				1,368	1,850	2,300	2,990	700	710	742	839
OCI ex-Cloud Database				2,782	4,565	7,613	14,804	2,556	3,256	4,074	4,919
PaaS/IaaS - Y/Y Growth	**6%**	**14%**	**36%**	**59%**	**51%**	**50%**	**77%**	55%	68%	84%	93%
Hosting - Y/Y Growth	-6%	-7%	-11%	-7%	13%	-22%	-5%	-5%	-4%	-6%	0%
PaaS/IaaS ex-hosting - Y/Y Growth	11%	22%	48%	70%	55%	55%	80%	58%	71%	87%	94%
Cloud Database services					35%	24%	30%	33%	29%	29%	29%
OCI ex-Cloud Database					64%	67%	94%	67%	84%	104%	112%

Source: Company reports, Bernstein estimates and analysis

CORE ERP CONTINUES TO DRIVE STEADY SAAS GROWTH

Strategic Back Office (ERP and HCM) has slowed but continues to grow faster than Oracle overall revenue and is becoming a larger and larger portion of SaaS revenue. Overall SaaS revenue grew 15% (Exhibit 10).

- Oracle's Strategic Back office (SaaS ERP plus SaaS HCM) reached, we estimate, ~9.9B in FY26 up from ~$8.6B in FY25 growing 15% YoY. It was composed of:
  - Oracle's ERP offerings (Fusion ERP plus NetSuite) with ~8.5B in FY26 up from $7.5B in revenue in FY25 14%. Within Oracle ERP:
    - Fusion ERP was ~$4.3B growing 15% YoY. Fusion continues to be slightly larger than NetSuite.
    - NetSuite was slightly smaller at also ~$4.2B, growing also at 13% this year.
  - Oracle Fusion HCM, we estimate, generated ~$1.4B in revenue and growth was steady at~21% YoY in FY26.

Oracle's other SaaS offerings grew slightly YoY. Historically, we used to track the breakdown of these revenue streams. However, management has stopped supplying details on these products — likely because they have become a smaller portion of

on 02-Sep-2026

the business and a distraction to the core story — Strategic Back Office and OCI Gen 2.

EXHIBIT 10: **Oracle SaaS business by product area: Core ERP growth has stepped-down, but still very healthy**

	Oracle SaaS Rev. Classification - Functionality Based											
	($M)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	1Q26	2Q26	3Q26	4Q26
1.1.1	Netsuite	1,329	1,643	2,099	2,622	3,163	3,741	4,225	1,021	1,040	1,099	1,065
	Y/Y growth	26%	24%	28%	25%	21%	18%	13%	16%	13%	14%	9%
1.1.2	Fusion ERP	1,208	1,640	2,116	2,678	3,175	3,748	4,325	1,017	1,090	1,099	1,120
	Y/Y growth	38%	36%	29%	27%	19%	18%	15%	16%	18%	17%	11%
1.1	**ERP (Netsuite + Fusion ERP**	**2,538**	**3,283**	**4,215**	**5,300**	**6,338**	**7,490**	**8,550**	**2,037**	**2,130**	**2,198**	**2,185**
	Y/Y growth	32%	29%	28%	26%	20%	18%	14%	16%	16%	15%	10%
1.2	Fusion HCM	474	586	719	820	937	1,135	1,368	363	270	301	435
	Y/Y growth	21%	24%	23%	14%	14%	21%	21%	23%	5%	22%	28%
1	**Strategic Back Office**	**3,011**	**3,868**	**4,934**	**6,120**	**7,275**	**8,625**	**9,919**	**2,400**	**2,400**	**2,499**	**2,620**
	Y/Y growth (ERP + Fusion HCM)	30%	28%	28%	24%	19%	19%	15%	17%	14%	16%	13%
2	**Other SaaS Prod. Revenue**	**2,913**	**2,845**	**3,067**	**5,245**	**5,670**	**5,647**	**5,970**	**1,439**	**1,498**	**1,527**	**1,506**
	Y/Y growth	0%	-2%	8%	71%	8%	0%	6%	1%	7%	8%	6%
1+2	**PF SaaS Revenue**	**5,924**	**6,713**	**8,001**	**11,365**	**12,945**	**14,272**	**15,889**	**3,839**	**3,898**	**4,026**	**4,126**
	Y/Y Growth	13%	13%	19%	42%	14%	10%	11%	11%	11%	13%	10%
	Y/Y Growth - ex Cerner				14%	15%						

Source: Company reports, Bernstein estimates and analysis

ORACLE AI REVENUE - OUR ESTIMATE

Oracle OCI AI

Oracle's OCI AI business (which is part of Oracle PaaS/IaaS), which barely existed 2 years ago, has become not only a large driver of Oracle OCI revenue but is the 1st area anyone talks about when discussing Oracle. Oracle signed a series of AI datacenter contracts starting in June 2025 With OpenAI, Meta, NVIDIA, AMD, ByteDance and others that massively increased Oracle's RPO and drove a substantial investment cycle. These contracts are:

- Ramping contracts comprised of multiple datacenters and capacity coming on-line between FY26 and FY30 in most instances with a single client taking over the whole datacenter from day 1.
- The contracts are non-cancelable
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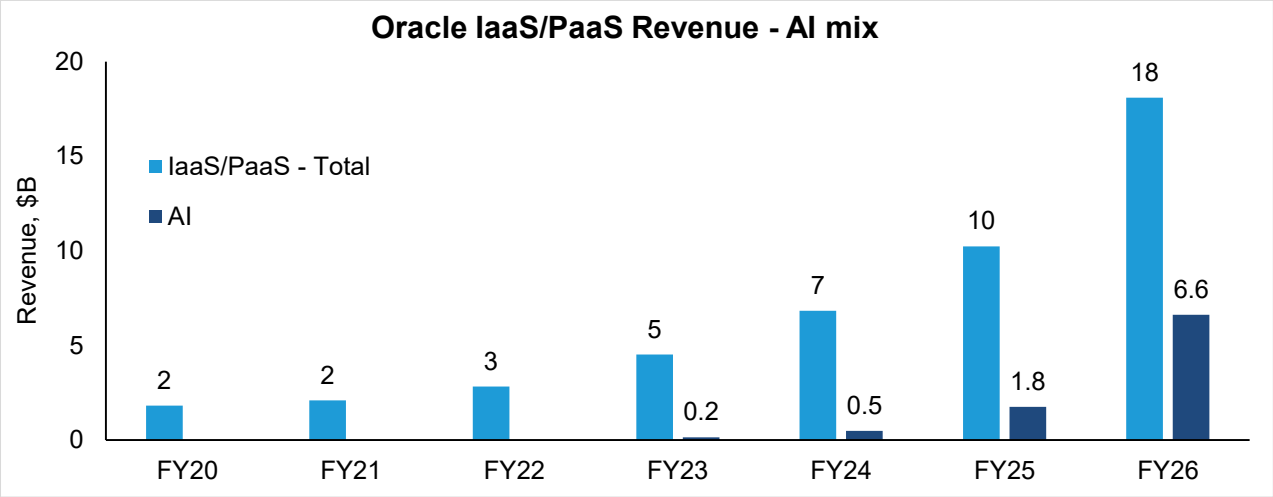
Oracle has already signed leases for the datacenter capacity to meet these contracts (plus some additional capacity) which will be turned over to Oracle between now and the end of FY30. Oracle does not have to pay for these leases until the facility is turned over to Oracle. The company has hardware (servers and power / cooling systems) under construction but does not have meaningful long term commitments for hardware components and can thus manage the timing of purchasing components to meet data center availability.

The company does not supply details on the scope of their OCI AI revenue. They have said in the past that model training drives most of their AI revenue but that the AI datacenters could (and likely are) used for a combination of model training and inferencing especially by frontier model companies. Please note that Oracle offers a wide range of AI capabilities within their SaaS offerings and within their development tools (Link).

We have attempted to estimate the current size of Oracle's IaaS/PaaS AI revenue and currently estimate that in FY26 OCI AI revenue was ~$6.6B. But with the numerous AI projects underway and in many cases in RPO or shortly to be added to RPO AI is going to grow to be a much larger portion of OCI revenue.

on 02-Sep-2026

EXHIBIT 11: **We estimate that AI contributed ~$6.6Bn revenue in FY26**



Source: Company reports, Bernstein estimates and analysis

on 02-Sep-2026

APPENDIX - FINANCIAL FORECASTS

EXHIBIT 12: **Oracle Income Statement**

$ Millions, PF except otherwise noted

Income Statement	**FY2024**	**FY2025**	**FY2026**	**FY2027E**	**FY2028E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Cloud services and license support	39,383	44,030	53,795	77,451	124,095	16,517	18,457	20,207	22,271
Cloud license and on-premise license	5,081	5,201	4,736	3,929	3,832	658	909	909	1,454
Software Revenues	**44,464**	**49,231**	**58,531**	**81,380**	**127,926**	**17,175**	**19,365**	**21,115**	**23,724**
Hardware Systems Revenues	**3,066**	**2,936**	**3,084**	**3,194**	**3,178**	**683**	**807**	**743**	**961**
Services	**5,431**	**5,232**	**5,743**	**5,850**	**5,737**	**1,417**	**1,465**	**1,457**	**1,512**
Total revenues	**52,961**	**57,399**	**67,358**	**90,424**	**136,842**	**19,275**	**21,637**	**23,314**	**26,197**
Cloud services and license support	8,901	10,959	16,975	29,336	58,644	5,720	6,760	7,809	9,047
Cost of hardware systems	867	754	841	922	895	197	233	213	278
Cost of services	4,657	4,373	4,346	4,331	4,044	1,088	1,124	1,063	1,056
Total Cost of Revenue	**14,425**	**16,086**	**22,162**	**34,590**	**63,583**	**7,005**	**8,118**	**9,085**	**10,381**
S&M	7,609	7,894	7,573	8,698	8,906	2,138	2,305	2,147	2,109
R&D	6,692	7,222	7,467	8,060	7,362	1,908	2,112	2,093	1,947
G&A	1,181	1,163	1,231	1,141	1,110	266	305	262	308
Total expenses	**29,907**	**32,365**	**38,433**	**52,489**	**80,961**	**11,318**	**12,839**	**13,587**	**14,745**
Operating income	**23,054**	**25,034**	**28,925**	**37,935**	**55,881**	**7,958**	**8,798**	**9,727**	**11,452**
Non-operating income, net	(98)	58	3,548	87	59	31	22	13	21
EBIT	22,956	25,092	32,473	38,022	55,939	7,989	8,820	9,740	11,473
Interest expense	(3,514)	(3,578)	(4,598)	(6,701)	(8,225)	(1,522)	(1,606)	(1,666)	(1,906)
Income before income taxes	**19,442**	**21,514**	**27,875**	**31,321**	**47,714**	**6,467**	**7,214**	**8,073**	**9,567**
(Provision) Benefit for income taxes	3,733	4,231	5,537	6,075	9,066	1,229	1,407	1,574	1,866
Net income	**15,709**	**17,283**	**22,235**	**25,246**	**38,649**	**5,238**	**5,807**	**6,499**	**7,702**
Proforma Diluted EPS ($)	**5.56**	**6.03**	**7.63**	**8.57**	**12.86**	**1.79**	**1.98**	**2.20**	**2.59**
Basic share count	2,744	2,789	2,861	2,895	2,957	2,865	2,881	2,907	2,928
Diluted share count	2,823	2,866	2,915	2,943	3,005	2,919	2,928	2,951	2,974
Key ratios (Based on PF results unless otherwise noted)									
Overall gross margin	72.8%	72.0%	67.1%	61.7%	53.5%	63.7%	62.5%	61.0%	60.4%
S&M as % of sales	14.4%	13.8%	11.2%	9.6%	6.5%	11.1%	10.7%	9.2%	8.0%
R&D as % of sales	12.6%	12.6%	11.1%	8.9%	5.4%	9.9%	9.8%	9.0%	7.4%
G&A as % of sales	2.2%	2.0%	1.8%	1.3%	0.8%	1.4%	1.4%	1.1%	1.2%
Operating margin	43.5%	43.6%	42.9%	42.0%	40.8%	41.3%	40.7%	41.7%	43.7%
Operating margin (GAAP)	29.0%	30.8%	30.6%	31.7%	31.2%	30.5%	30.2%	31.6%	33.9%
Tax rate	19.2%	19.7%	19.9%	19.4%	19.0%	19.0%	19.5%	19.5%	19.5%
Net margin	29.7%	30.1%	33.0%	27.9%	28.2%	27.2%	26.8%	27.9%	29.4%
Sequential change (based on PF results unless otherwise noted)									
Total Revenues	6.0%	8.4%	17.4%	34.2%	51.3%	0.5%	12.3%	7.8%	12.4%
Total Cost of Revenue	11.2%	11.5%	37.8%	56.1%	83.8%	8.3%	15.9%	11.9%	14.3%
S&M	-7.5%	3.7%	-4.1%	14.9%	2.4%	13.5%	7.8%	-6.9%	-1.8%
R&D	0.8%	7.9%	3.4%	7.9%	-8.7%	0.0%	10.7%	-0.9%	-7.0%
G&A	-3.0%	-1.5%	5.8%	-7.3%	-2.8%	-20.1%	14.5%	-14.0%	17.5%
Operating income	10.3%	8.6%	15.5%	31.1%	47.3%	-7.4%	10.6%	10.6%	17.7%
Net income	10.8%	10.0%	28.7%	13.5%	53.1%	-14.9%	10.9%	11.9%	18.5%
EPS - Diluted, Pro-Forma	8.7%	8.4%	26.5%	12.3%	50.1%	-15.0%	10.5%	11.0%	17.6%
EPS - Diluted, GAAP	20.8%	17.1%	34.2%	3.5%	54.3%	-16.1%	12.1%	14.1%	21.5%
Diluted shares	2.1%	1.5%	1.7%	1.0%	2.1%	0.2%	0.3%	0.8%	0.8%

Source: Company reports, Bernstein estimates and analysis

on 02-Sep-2026

EXHIBIT 13: **Oracle Balance Sheet**

$ Millions & GAAP, except otherwise noted

Balance Sheet	FY2024	FY2025	FY2026	FY2027E	FY2028E	Q127E	Q227E	Q327E	Q427E
Assets									
Cash and cash equivalents	10,454	10,786	31,289	21,765	15,303	22,283	12,542	21,222	21,765
Marketable securities	207	417	605	605	605	605	605	605	605
Trade receivables, net	7,874	8,558	10,385	13,612	20,309	11,001	12,244	14,020	13,612
Inventories	-	-	-	-	-	0	0	0	0
Prepaid expenses and other current assets	4,019	4,818	4,288	5,311	6,286	5,123	5,763	5,843	5,311
Total current assets	**22,554**	**24,579**	**46,567**	**41,293**	**42,503**	**39,011**	**31,154**	**41,690**	**41,293**
PP&E	21,536	43,522	99,957	178,690	251,736	117,736	136,673	156,911	178,690
Intangible assets, net	6,890	4,587	-	-	-	0	0	0	0
Goodwill	62,230	62,207	62,261	62,261	62,261	62,261	62,261	62,261	62,261
Other assets	27,766	33,466	52,974	56,643	64,816	53,320	54,313	55,401	56,643
Total non current assets	**118,422**	**143,782**	**215,192**	**297,595**	**378,813**	**233,317**	**253,247**	**274,573**	**297,595**
Total assets	**140,976**	**168,361**	**261,759**	**338,888**	**421,316**	**272,329**	**284,401**	**316,263**	**338,888**
Liabilities									
Accounts payable	2,357	5,113	10,977	12,991	12,609	9,832	12,170	10,439	12,991
Accrued compensation and related benefits	1,916	2,243	2,225	2,122	2,005	2,018	2,217	2,148	2,122
Income taxes payable	-	-	-	-	-	0	0	0	0
Deferred revenues	9,313	9,387	9,916	12,407	17,408	13,982	11,818	12,028	12,407
Notes payable & current borrowings	10,605	7,271	7,199	10,400	6,250	8,000	10,600	10,600	10,400
Other current liabilities	7,353	8,629	11,447	14,322	21,486	10,850	9,911	12,493	14,322
Total current liabilities	**31,544**	**32,643**	**41,764**	**52,242**	**59,757**	**44,682**	**46,716**	**47,708**	**52,242**
Notes payble and other non-current borrowings	76,264	85,297	122,342	153,455	177,605	125,855	128,255	148,255	153,455
Other non-current liabitlies	23,929	29,452	54,597	57,781	67,488	54,139	55,557	56,285	57,781
Total non current liabilities	**100,193**	**114,749**	**176,939**	**211,236**	**245,093**	**179,994**	**183,812**	**204,540**	**211,236**
Total liabilities	**131,737**	**147,392**	**218,703**	**263,479**	**304,851**	**224,676**	**230,528**	**252,248**	**263,479**
Total Shareholders' equity	**9,239**	**20,969**	**43,056**	**75,409**	**116,465**	**47,653**	**53,873**	**64,015**	**75,409**
Total Liabilities & Shareholders Equity	**140,976**	**168,361**	**261,759**	**338,888**	**421,316**	**272,329**	**284,401**	**316,263**	**338,888**

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 14: **Oracle Cash Flow Statement**

$ Millions & GAAP, except otherwise noted

Cash Flow Statement	FY2024	FY2025	FY2026	FY2027E	FY2028E	Q127E	Q227E	Q327E	Q427E
Net income	10,467	12,443	17,087	17,764	27,956	3,550	3,993	4,594	5,626
Depreciation	3,129	3,867	7,623	14,080	24,557	2,837	3,283	3,742	4,218
Amortization of intangible assets	3,010	2,307	1,671	1,528	1,208	412	392	372	352
Stock-based compensation	3,974	4,674	4,811	7,234	11,673	1,542	1,731	1,865	2,096
Other, net	(1,419)	(970)	(3,350)	-	-	-	-	-	-
Changes in operating assets and liabilities	(488)	(1,500)	4,135	1,014	4,319	(550)	(2,416)	(1,596)	5,576
Net cash provided by operating activities	**18,673**	**20,821**	**31,977**	**41,620**	**69,713**	**7,791**	**6,983**	**8,978**	**17,868**
Acquisitions, net of cash acquired	(63)	-	-	-	-	0	0	0	0
Changes in marketable securities	(431)	(496)	3,809	-	-	0	0	0	0
Capital expenditures	(6,866)	(21,215)	(55,663)	(92,813)	(97,603)	(20,616)	(22,220)	(23,981)	(25,997)
Other	-	-	-	-	-	-	-	-	-
Net cash provided by investing activities	**(7,360)**	**(21,711)**	**(51,854)**	**(92,813)**	**(97,603)**	**(20,616)**	**(22,220)**	**(23,981)**	**(25,997)**
Share buyback	(1,202)	(600)	(95)	-	-	0	0	0	0
Proceeds from issuance of common stock	742	653	1,449	13,400	7,600	1,000	2,000	5,200	5,200
Dividends on common stock	(4,391)	(4,743)	(5,787)	(6,044)	(6,173)	(1,495)	(1,504)	(1,517)	(1,528)
Proceeds from issuance of preferred stock	-	-	4,954	-	-	0	0	0	0
Dividends on preferred stock	-	-	-	-	-	0	0	0	0
Proceeds from borrowings, net of issuance costs	(167)	21,437	49,438	34,314	20,000	4,314	5,000	20,000	5,000
Repayments of borrowings	(3,500)	(15,841)	(9,227)	-	-	0	0	0	0
Distribution to noncontrolling interests	-	-	-	-	-	0	0	0	0
Excess tax benefits on stock option exercise, vesting of restricted	(2,036)	192	(448)	-	-	0	0	0	0
Net cash provided by financing activities	**(10,554)**	**1,098**	**40,284**	**41,670**	**21,427**	**3,819**	**5,496**	**23,683**	**8,672**
Effect of exchange rate changes	(70)	124	96	-	-	0	0	0	0
Net increase in cash	**689**	**332**	**20,503**	**(9,524)**	**(6,462)**	**(9,006)**	**(9,740)**	**8,680**	**543**
Cash and cash equivalents, beginning of period	9,765	10,454	10,786	31,289	21,765	31,289	22,283	12,542	21,222
Cash and cash equivalents, end of period	**10,454**	**10,786**	**31,289**	**21,765**	**15,303**	**22,283**	**12,542**	**21,222**	**21,765**

Source: Company reports, Bernstein estimates and analysis

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BERNSTEIN TICKER TABLE

			1 Sep 2026		TTM	Adjusted EPS				Adjusted P/E (x)		
			Closing	Price	Rel.							
Ticker	Rating	Cur	Price	Target	Perf.	Cur	2026A	2027E	2028E	2026A	2027E	2028E
ORCL (Oracle)	O	USD	141.32	325.00	(55.6)%	USD	7.63	8.57	12.86	18.5	16.5	11.0
SPX			7,631.47									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

on 02-Sep-2026

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VALUATION METHODOLOGY

Oracle Corp

We value Oracle shares based on our estimate for 12-months adjusted EPS in 1 years' time ($15.22) and apply an adjusted P/FE multiple of 24.5x. We then add back in the net cash per share, (-$47.6 per share), arriving at price target of $325.

RISKS

Oracle Corp

Risks to our target price for ORCL include: customer concentration risk, AI Winter scenario where Gen AI fails globally, decreased database sales due to increased pressure from cloud and alternate databases; Slower than expected adoption of SaaS ERP; cybersecurity or other concerns that decrease demand for Cloud; lower than expected demand for Oracle's Autonomous Database and Oracle Multi-Cloud database; OCI growth issues especially at Sovereign Clouds.

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

EQUITY RATINGS DEFINITIONS

Bernstein brand

The Bernstein brand rates stocks based on forecasts of relative performance for the next 12 months versus the S&P 500 for stocks listed on the U.S. and Canadian exchanges, versus the Bloomberg Europe Developed Markets Large and Mid Cap Price Return Index EUR (EDME) for stocks listed on the European exchanges and emerging markets exchanges outside of the Asia Pacific region, versus the Bloomberg Japan Large and Mid Cap Price Return Index USD (JPL) for stocks listed on the Japanese exchanges, and versus the Bloomberg Asia ex-Japan Large and Mid Cap Price Return Index (ASIAX) for stocks listed on the Asian (ex-Japan) exchanges -unless otherwise specified.

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on 02-Sep-2026

Bernstein brand stock ratings are based on a 12-month time horizon.

Autonomous brand – common stocks

The Autonomous brand rates common stocks as indicated below. As our benchmarks we use the Bloomberg Europe 600 Financials Price Return Index (E600BK) and Bloomberg Europe Dev Mkt Financials Large and Mid Cap Price Ret Index EUR (EDMFI) index for developed European banks and Payments, the Bloomberg Europe 600 Insurance Price Return Index (E600IN) for European insurers, the S&P 500 and S&P Financials for US banks and Payments coverage, S5LIFE for US Insurance, the S&P Insurance Select Industry (SPSIINS) for US Non-Life Insurers coverage, the Bloomberg Emerging Markets Financials Large, Mid and Small Cap Price Return Index (EMLSF) for emerging market banks and insurers and Payments, and the Bloomberg Japan Financials Large & Mid Cap Price Return Index (JPFILM) for Japanese Financials. Ratings are stated relative to the sector (not the market).

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Those denoted as 'Feature' (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

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Autonomous brand – preferred stocks

The Autonomous brand has three categories of preferred stock ratings:

- Outperform (OP): The total return of the preferred instrument is expected to outperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Neutral (N): The total return of the preferred instrument is expected to perform in line with preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
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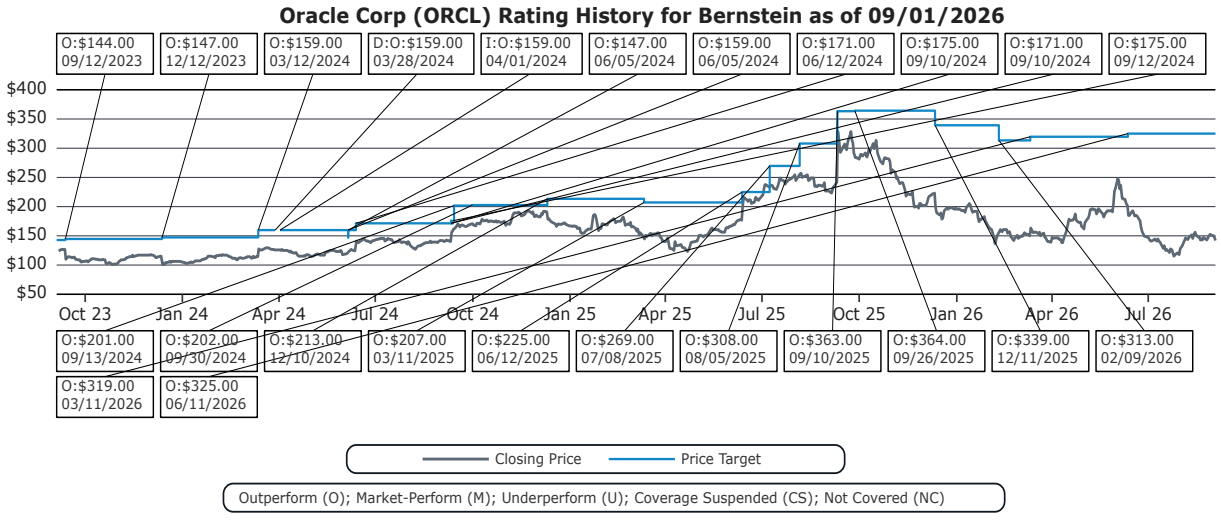
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Market-Perform (Bernstein Brand) Neutral (Autonomous Brand)	HOLD	35.8%	16.2%
Underperform	SELL	13.1%	13.6%

* These figures represent the percentage of companies within each equity rating category for which affiliates of Bernstein have provided investment banking services within the previous 12 months.
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All price target and closing price data in the chart(s) above are denominated in the currency noted in the Ticker Table of this report.

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