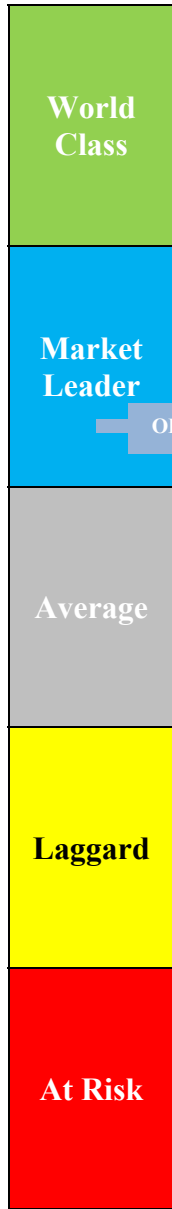


Oracle Acquires Sun Microsystems: Strategic Impact at a Tactical Price

April 20<sup>th</sup>, 2009

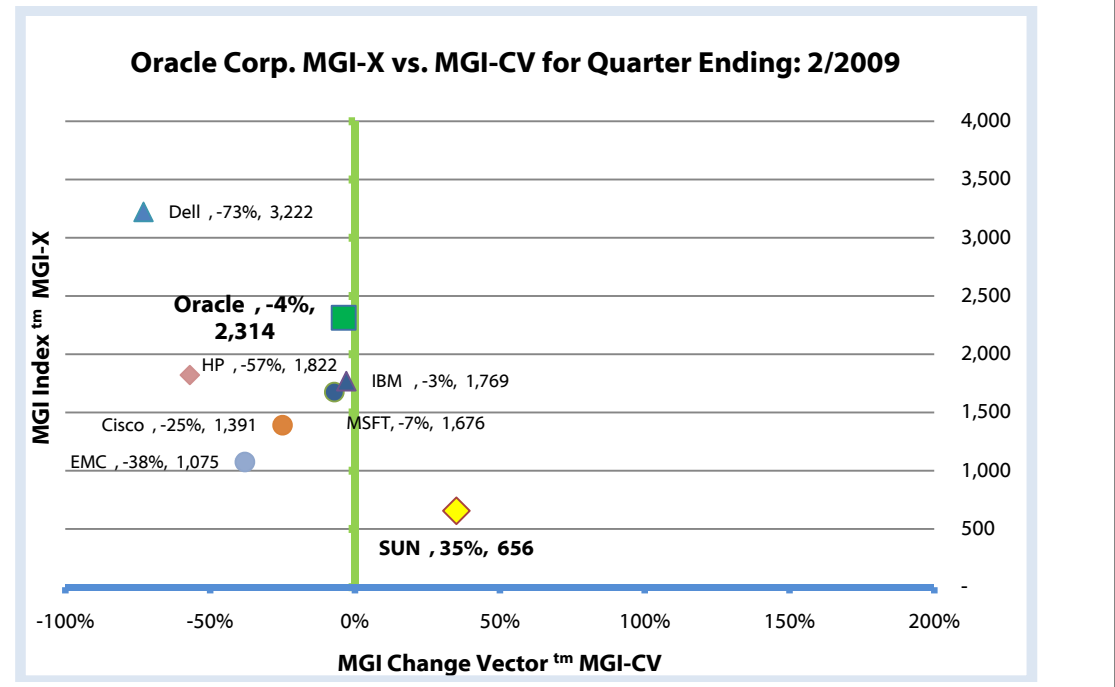


ORCL

MGI-X Relative Scale

Company Rated:	Symbol	Quarter Ending	MGI-X	MGI-CV	Rank
Oracle Corp.	ORCL	2/2009	2,314	-4%	n/a

Oracle’s acquisition of Sun (NASDAQ: JAVA) comes at a tactical price but carries with it major strategic benefits to ORCL as it stands to reap benefits of a more vertically integrated offering stack. The accretive nature of Oracle’s bid for Sun is underscored by the efficiency of Oracle’s business model. Since 2005, through more than \$34.5 billion of acquisitions, ORCL has maintained and even improved its MGI-X scores as it integrated various companies,- large and small. As the chart below highlights, the dramatic spread in MGI-X scores between Oracle and Sun underlines Oracle’s opportunity. Compared to other likely bidders and competitors, Oracle looks best positioned to drive efficiencies from the deal, to lift Sun’s meager MGI-X scores thus making the combined business substantially more profitable. We do expect the transaction to close, however, it will not be without some minor fireworks as the open source community tries to spike the deal and the US and European regulators go through one or two rounds of hand-waving. On a market-share basis, there is no merit in disallowing the deal based on anti-trust considerations – e.g., MySQL’s sub-\$100 million revenues are inconsequential to a \$15 billion global database market. When ORCL completes this transaction, it will be strategically positioned vis-à-vis both IBM and HP and able to compete more effectively for more centrally controlled IT budgets. This transaction also puts in a significant distance between ORCL and SAP as ORCL will no longer be just a software company.



**About MGI Research:** Led by veteran industry analysts from firms including Gartner, Morgan Stanley, and SoundView Technology Group, MGI Research applies proprietary quantitative methods to help investors, analysts and industry executives benchmark tech companies. MGI Research benchmarks over 300 tech firms. Sector coverage includes: Applications Software, Business Intelligence, Infrastructure Software, Information Security, Semiconductors, Communications Equipment, Internet, and MGI Tech Giants - the top 50 largest tech vendors. **The MGI Index** is a quantitative benchmark that identifies top performing tech companies. High MGI X scores indicate well-managed, efficient companies, while low MGI X scores indicate inefficient, at-risk operations. Companies with consistently high MGI X scores tend to be long-term market winners. The MGI CV (“Change Vector”) is an indicator of forward momentum of the business. High, positive CV scores point to accelerating business efficiency. Negative CV scores indicate a business under pressure likely to disappoint in the future.

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