

Round Table

Aligning Capital Structure with Strategic Objectives

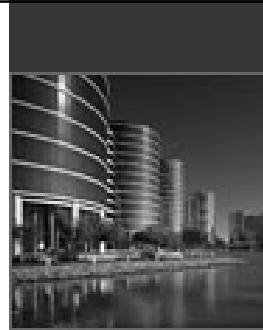
Eric Ball
Vice President and Treasurer
Oracle Corporation

Ken Frier
Vice President, Treasury
Hewlett-Packard Company

May 7, 2007
3:00 p.m. – 4:00 p.m.

Oracle Corporation

- World's largest enterprise software vendor
 - Headquarters in Redwood Shores, CA
 - Competitors include SAP, IBM, Microsoft
- \$16 billion revenue LTM
 - Operating margin over 40%
 - Operating cash flow over \$5 billion
- Market Cap \$97 billion
 - 26% owned by Larry Ellison (Founder & CEO)
- 145 countries, 275,000 customers, 68,000 employees
- Cash Feb-2007 \$6.4 billion
- Debt
 - Dec-2005: \$150 million
 - Today: \$5.75 billion term debt, \$1.7 billion commercial paper
- Treasury & Stock Services headcount 22



ORACLE

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Hewlett-Packard

- Largest technology company
 - Headquarters in Palo Alto, CA
 - Printing, PC's, servers, SW, storage, services
- \$92 billion revenue FY06
 - Operating margin 7%
 - Operating cash flow over \$11 billion
- Market Cap \$115 billion
- Cash Oct 2006 \$16.4 billion
- Debt Oct 2006 \$5.2 billion
- Treasury & benefits administration headcount 87



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Corporate Finance Questions

- Why have tech firms traditionally had large cash balances and small debt balances?
 - Has that been optimal for shareholders?
 - What are the reasons cited for this and are they valid?
- How are cash balances changing?
 - What is the 'right' amount of cash?
- What are the reasons to have debt, and the pros & cons of increasing debt?
- What are useful approaches to share repurchase strategy?
- What credit ratings should a company target?
- Do private equity firms change the calculus?