



ORACLE CORPORATION (ORCL-O)

SOFTWARE & IT SERVICES / SOFTWARE & IT SERVICES / SOFTWARE

Indicator Description

The **Average Score** combines the quantitative analysis of six widely-used investment decision making tools: Earnings, Fundamental, Relative Valuation, Risk, Price Momentum and Insider Trading. A simple average of the underlying component ratings is normally distributed to rank stocks on a 1-10 scale (10 being awarded to the highest scored). These factors may be evaluated differently using alternative methodologies and the importance of individual factors varies across industries, market capitalization and investment styles. Additional criteria should always be used to evaluate a stock.

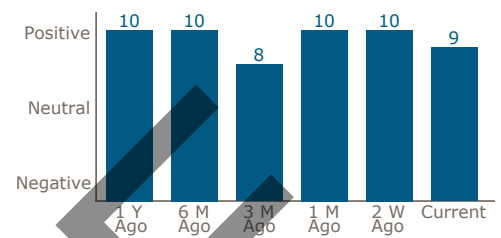
Indicator

ORCL's current average score of 9 places it within the **top 15%** of stocks scored.

AVERAGE SCORE	Peers	
9	ADBE	9
	MSFT	7
	INTU	5
	CRM	2

Averages	
Software & IT Services Group	4.8
Software & IT Services Sector	4.8
S&P 500 Index	6.7
Giant Market Cap	7.2

Indicator Trend

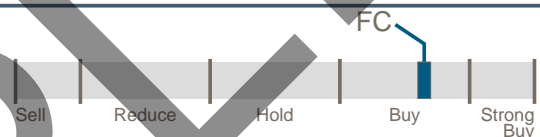


Last 5 Years
 Best: 10 - (11/06/11)
 Worst: 3 - (02/25/07)
 Average: 7.3

Analyst Recommendations

First Call Mean (FC): **Buy** (44 firms)

First Call Mean is the mean of all analysts covering the company.



Key Information

Price (11/11/11) (USD)	32.37
52-Week High (USD)	36.50
52-Week Low (USD)	24.72
Market Cap (USD)	160B
Avg Daily Vol	28.4M
Exchange	NASDAQ
Dividend Yield	0.7%
Annual Dividend (USD)	0.24
Trailing PE	18.4
Forward PE	13.2
Forward PEG	1.7
LTG Forecast	13.6%
Exp Report Date	12/16/11
Annual Revenue (USD)	36.5B
ROE	24.6%
Inst. Ownership	86.3%
1-Mo Return	4.7%
3-Mo Return	16.9%
1-Yr Return	13.3%

Price Charts



Business Description

Oracle Corporation, incorporated in 2005, is an enterprise software company. The Company develops, manufactures, markets, distributes and services database and middleware software, applications software and hardware systems, consisting primarily of computer server and storage products. It operates in three segments: software, hardware systems and services. Its software business is consisted of two operating segments: new software licenses and software license updates and product support. Its hardware systems business consists of two operating segments: hardware systems products and hardware systems support. Its services business is consisted of three operating segments: consulting, Cloud Services and education. On January 5, 2011, Oracle completed the acquisition of Art Technology Group, Inc. (ATG). On August 11, 2010, the Company completed the acquisition of Phase Forward Incorporated (Phase Forward), a provider of applications for life sciences companies and healthcare providers.

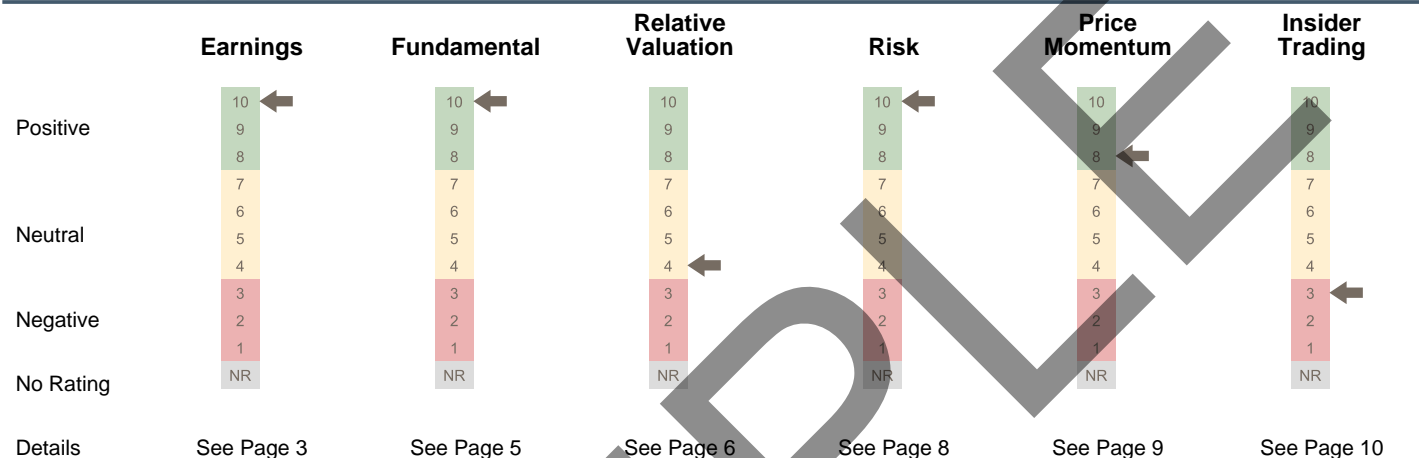


Average Score

AVERAGE SCORE
9

The **Average Score** combines the quantitative analysis of six widely-used investment decision making tools: Earnings, Fundamental, Relative Valuation, Risk, Price Momentum and Insider Trading. A simple average of the underlying component ratings is normally distributed to rank stocks on a 1-10 scale (10 being awarded to the highest scored). These factors may be evaluated differently using alternative methodologies and the importance of individual factors varies across industries, market capitalization and investment styles. Additional criteria should always be used to evaluate a stock.

Indicator Components



Optimized Score

OPTIMIZED SCORE
4

Historically, companies with an optimized score of 4 have tended to moderately underperform the market over the following 12-month period.



As an alternative approach to equally weighting each of the six factors, independent research firm, Verus Analytics, conducted a backtest to empirically determine the optimal factor blend. Results and weighting vary across four different market capitalization categories. For large cap stocks, price momentum and insider trading historically provided the most explanatory power among the six factors and are weighted heavily in the current optimized score. Among the small cap universe, the earnings and fundamental factors joined with insider trading and price momentum to explain returns.

Peer Analysis

Ticker	Average Score	Market Cap (USD)	Price (11/11/11) (USD)	Dividend Yield	Trailing PE	Forward PE	Forward PEG	LTG Forecast	Annual Revenue (USD)	Net Margin	1-Mo Return	3-Mo Return	1-Yr Return
MSFT	7	221B	26.91	3.0%	9.8	9.5	2.4	3.9%	71.3B	32.9%	-0.3%	6.8%	0.9%
ORCL	9	160B	32.37	0.7%	18.4	13.2	1.7	7.7%	36.5B	22.0%	4.7%	16.9%	13.3%
CRM	2	17.3B	129.87	--	649.5	85.7	3.4	25.0%	1.9B	-0.8%	1.8%	-3.5%	11.3%
INTU	5	15.9B	54.02	1.1%	26.7	18.6	2.0	9.3%	3.5B	-9.6%	5.5%	28.5%	10.7%
ADBE	9	13.8B	28.43	--	15.5	11.8	1.2	9.6%	4.1B	19.3%	10.0%	18.5%	-5.0%
SYMC	6	12.3B	17.12	--	20.1	10.0	1.5	6.8%	6.6B	10.8%	-3.8%	2.6%	0.3%
CHKP	7	12.1B	58.33	--	23.9	19.0	1.8	10.8%	4.2B	42.6%	2.3%	9.5%	33.6%
CA	5	10.5B	21.87	0.9%	12.9	9.8	2.6	3.8%	4.6B	19.4%	3.0%	8.8%	-6.5%
RHT	7	9.5B	50.05	--	74.7	46.1	2.3	20.0%	909M	13.7%	11.3%	32.8%	14.9%
NUAN	5	7.7B	25.80	--	172.0	16.4	1.3	13.0%	1.3B	12.7%	17.1%	43.9%	53.5%
ADSK	5	7.5B	34.20	--	31.7	19.0	1.8	10.5%	2.1B	13.0%	14.0%	19.0%	-5.7%
Average	6.1	44.3B	--	1.4%	95.9	23.5	2.0	10.9%	12.4B	16.0%	6.0%	16.7%	11.0%
Median	6.0	12.3B	--	1.0%	23.9	16.4	1.8	9.6%	4.1B	13.7%	4.7%	16.9%	10.7%

Peer Group

MSFT	MICROSOFT	CHKP	CHECK POINT SOFTWARE
CRM	SALESFORCE.COM, INC.	CA	CA INC
INTU	INTUIT INC	RHT	RED HAT
ADBE	ADOBE SYSTEMS	NUAN	NUANCE COMMUNICATION
SYMC	SYMANTEC	ADSK	AUTODESK INC



Earnings

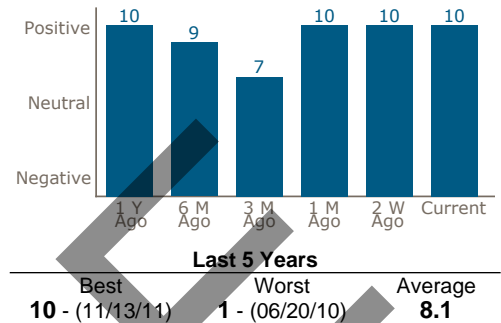
Indicator Description

The **Earnings Indicator** displays stocks on a scale of 1-10 with 10 being awarded to the strongest stocks based on a combination of three earnings factors: earnings surprise, broker recommendation changes and estimate revision. Each component is equally weighted. A stock needs to have at least two of the three earnings factors in order to receive a final earnings score.

Indicator

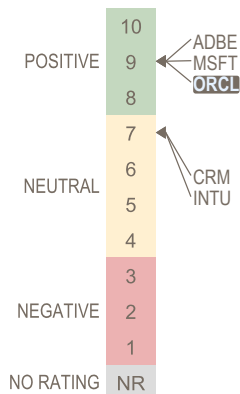
EARNINGS	
10	
Peers	
ADBE	10
INTU	7
MSFT	6
CRM	5
Averages	
Software & IT Services Group	6.1
Software & IT Services Sector	6.1
S&P 500 Index	6.4
Giant Market Cap	6.8

Indicator Trend

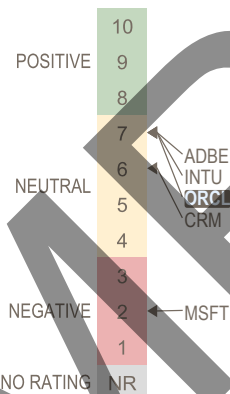


Indicator Sub-Components

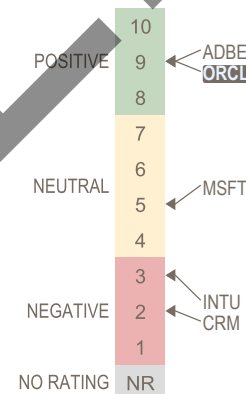
Earnings Surprise (33.3% Weight)



Estimate Revision (33.3% Weight)



Broker Rec Changes (33.3% Weight)



Last 4 Quarters

# Positive Surprises (> 2%)	4
# Negative Surprises (< -2%)	0
# In-Line (within 2%)	0
Avg Surprise	7.3%

Last 4 Weeks

# Up Revisions	1
# Down Revisions	0
Avg Up Revisions	2.3%
Avg Down Revisions	0.0%

Last 120 Days

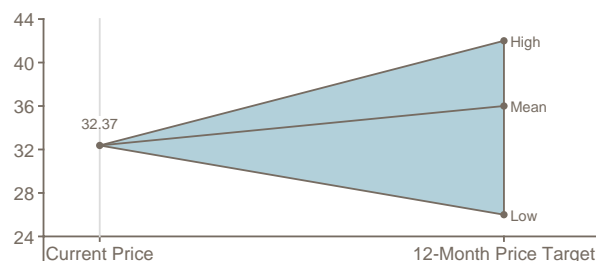
# Upgrades	2
# Downgrades	2

Highlights

- ORCL currently has an Earnings Rating of 10, which is significantly more bullish than the Software Industry average of 5.9. ORCL scores a bullish 7 or greater for all three component ratings: Earnings Surprise (9), Estimate Revision (7), and Broker Recommendation (9).
- Over the past three years, the company has reported 4 positive (>2%), 0 negative (<-2%), and 0 in-line (within 2%) surprises. The average surprise for this time period has been 7.3%. Most recently on 09/20/11, the company reported quarterly earnings of 0.48 per share, a positive surprise of 3.2% above the consensus 0.47.
- ORCL's current quarter consensus estimate has remained relatively unchanged over the past 90 days at 0.57. Estimates within its Industry have moved an average of -1.0% during the same time period.

Price Target

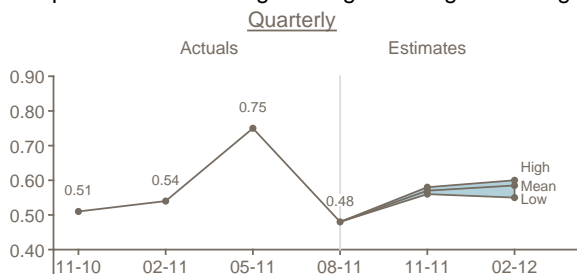
The chart below indicates where analysts predict the stock price will be within the next 12 months, as compared to the current price. The high, low, and mean price targets are presented.



Earnings Per Share

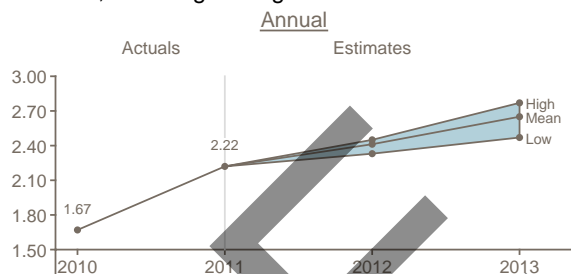
Earnings per share (EPS) is calculated by dividing a company's earnings by the number of shares outstanding. Analysts tend to interpret a pattern of increasing earnings as a sign of strength

and flat or falling earnings as a sign of weakness. The charts below provide a comparison between a company's actual and estimated EPS, including the high and low forecasts.



	11-11	02-12
FC Mean (USD)	0.57	0.59
High (USD)	0.58	0.60
Low (USD)	0.56	0.55
# of Analysts	37	37

NA = No Actual or Estimated EPS



	2012	2013
FC Mean (USD)	2.41	2.65
High (USD)	2.45	2.77
Low (USD)	2.33	2.47
# of Analysts	41	40

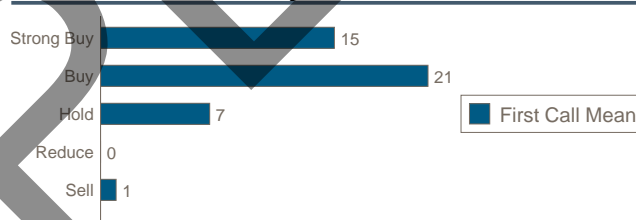
NA = No Actual or Estimated EPS

Mean Estimate Trend

	Q 11-11	Q 02-12	Y 2012	Y 2013	Price Target
Current (USD)	0.57	0.59	2.41	2.65	36.00
30 Days Ago (USD)	0.57	0.59	2.41	2.65	35.60
90 Days Ago (USD)	0.57	0.59	2.41	2.67	38.00
% Chg - Last 90 Days	0.7%	-1.0%	0.2%	-0.6%	-5.3%

Next Expected Report Date: 12/16/11

Distribution of Analyst Recommendations



Earnings Surprise

Investors frequently compare a company's actual earnings to the mean expectation of professional analysts. The difference between the two is referred to as a "positive" or "negative"

surprise. Academic research has shown that when a company reports a surprise, it is often followed by more of the same surprise type.

Surprise Summary - Last 12 Quarters

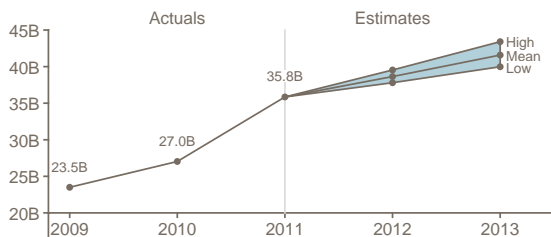
Surprise Type	#	%
Positive Quarters (> 2%)	9	75.0%
Negative Quarters (< -2%)	0	--
In-Line Quarters (within 2%)	3	25.0%

Surprise Detail - Last 6 Periods

Surprise Type	Announce Date	Period End Date	Actual EPS (USD)	Mean EPS (USD)	Surprise (%)
POSITIVE	09/20/11	08/11	0.480	0.465	3.2%
POSITIVE	06/23/11	05/11	0.750	0.713	5.2%
POSITIVE	03/24/11	02/11	0.540	0.495	9.1%
POSITIVE	12/16/10	11/10	0.510	0.457	11.6%
POSITIVE	09/16/10	08/10	0.420	0.365	15.1%
POSITIVE	06/24/10	05/10	0.600	0.540	11.1%

Annual Revenue

A pattern of increasing sales in conjunction with a rising EPS may influence a buy recommendation, while flat or falling sales and faltering earnings may explain a sell recommendation. A rising EPS with flat or falling sales may result from increased cost efficiency and margins, rather than market expansion. This chart shows the sales forecast trend of all analysts and the highest and lowest projections for the current and next fiscal year.



	2012	2013
Mean (USD)	38.6B	41.6B
High (USD)	39.5B	43.4B
Low (USD)	37.8B	40.0B
Forecasted Growth	7.8%	16.0%
# of Analysts	40	39

NA = No Actual or Estimated Revenue



Fundamental

Indicator Description

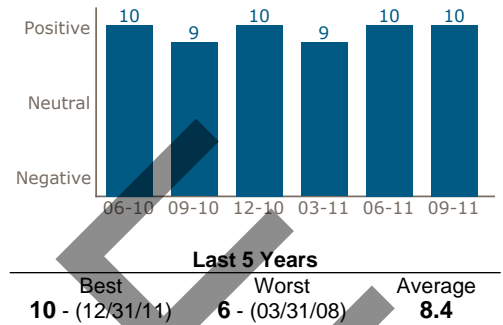
The **Fundamental Indicator** displays stocks on a scale of 1-10 with 10 being awarded to the strongest stocks based on a combination of four fundamental component factors: profitability, debt, earnings quality, and dividend. Each component is equally weighted. A stock needs to have at least three of the four fundamental factors present for a given fiscal quarter in order to receive a final fundamental score. Companies that do not pay a dividend are not penalized.

Indicator

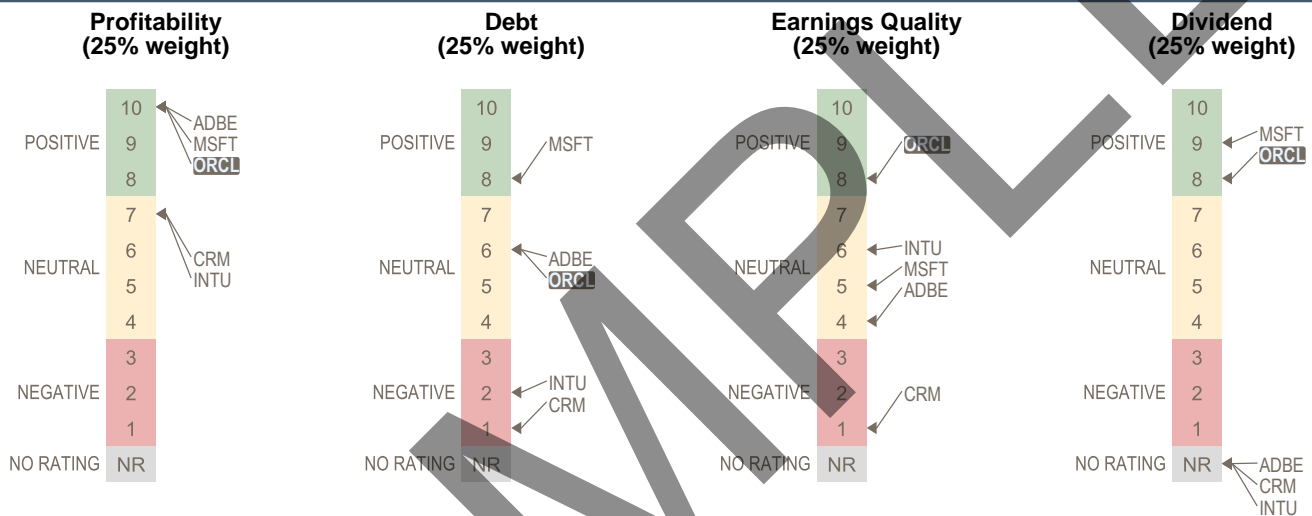


Peers	
MSFT	10
ADBE	8
INTU	4
CRM	1
Averages	
Software & IT Services Group	4.6
Software & IT Services Sector	4.6
S&P 500 Index	6.5
Giant Market Cap	7

Indicator Trend



Indicator Sub-Components



Revenue Growth For year over year ending 08/11	24.7%	Current Ratio For year over year ending 08/11	3.0	Days Sales in Inv. For period ending 05/11	12.8	Div. Growth Rate For year over year ending 08/11	10.0%
Gross Margin For trailing 4 qtrs ending 08/11	69.2%	Debt-to-Capital For trailing 4 qtrs ending 05/11	26.8%	Days Sales in Rec. For period ending 05/11	70.8	Dividend Funding For trailing 4 qtrs ending 05/11	9.5%
Return on Equity For trailing 4 qtrs ending 08/11	24.6%	Interest Funding For trailing 4 qtrs ending 08/11	6.3%			Dividend Coverage For trailing 4 qtrs ending 05/11	11.3
Net Margin For trailing 4 qtrs ending 08/11	22.0%	Interest Coverage For trailing 4 qtrs ending 08/11	13.9			Current Div. Yield For trailing 4 qtrs ending 11/11	0.7%

Highlights

- ORCL currently has a Fundamental Rating of 10, which is significantly more bullish than the Software Industry average of 6.5.
- The company's days sales in receivables has been higher than its Industry average for each of the past five years.
- Of the 89 firms within the Software Industry, ORACLE is among the 12 companies that pay a dividend. The stock's dividend yield is currently 0.7%.



Relative Valuation

Indicator Description

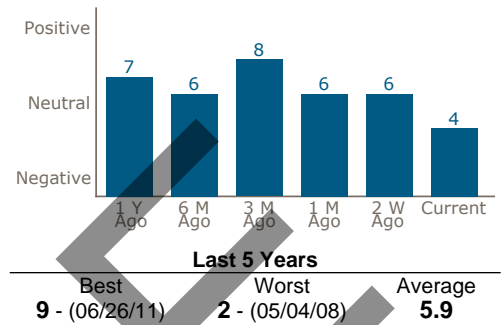
The **Relative Valuation Indicator** displays stocks on a scale of 1-10 with 10 being awarded to the strongest stocks based on a combination of three component factors: Forward PEG (50%), Trailing PE (25%), and Forward PE (25%). A stock needs to have at least one of the three relative valuation factors present in order to receive a final relative valuation score.

Indicator

Multiples relatively **in-line** with the market.

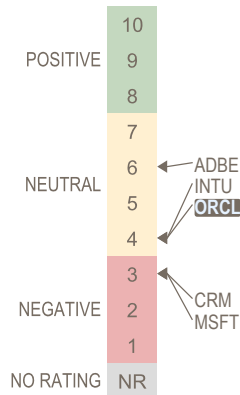
RELATIVE VALUATION		Peers	
4		ADBE	7
		MSFT	6
		INTU	2
		CRM	1
		Averages	
	Software & IT Services Group	4.9	
	Software & IT Services Sector	4.9	
	S&P 500 Index	5.1	
	Giant Market Cap	5.2	

Indicator Trend

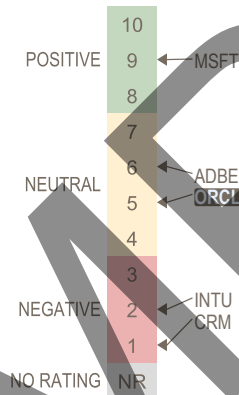


Indicator Sub-Components

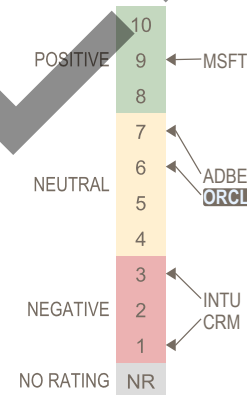
Forward PEG (50% weight)



Trailing PE (25% weight)



Forward PE (25% weight)



Fwd. PEG	1.7	Tr. PE	18.4	Fwd. PE	13.2
5-Yr Avg	1.0	5-Yr Avg	21.1	5-Yr Avg	14.4
Rel. to 5-Yr Avg.	67% Premium	Rel. to 5-Yr Avg.	13% Discount	Rel. to 5-Yr Avg.	9% Discount
S&P 500 Fwd. PEG	2.3	S&P 500 Tr. PE	19.4	S&P 500 Fwd. PE	15.7
Rel. To S&P 500	25% Discount	Rel. To S&P 500	5% Discount	Rel. To S&P 500	16% Discount

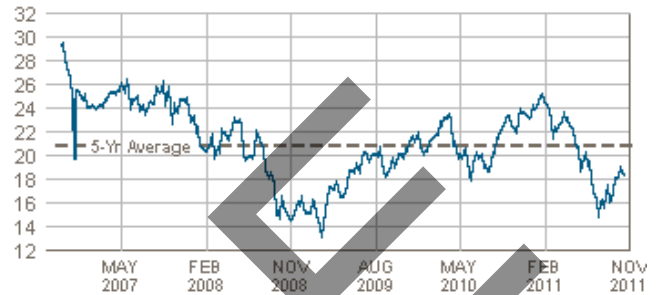


Highlights

- Compared to the Software Industry, ORCL is currently trading at a significant discount based on both Trailing P/E and Forward P/E.
- ORCL's 1.7 Forward PEG is at the high end of its 5-year range (lowest 0.7 to highest 1.7).
- ORCL's Trailing P/E of 18.4 represents a 13% Discount to its 5-year average of 21.1.

Trailing PE

Trailing P/E is calculated using the most recent closing price (updated weekly) divided by the sum of the four most recently reported quarterly earnings.



Trailing PE	18.4	Index Avg	19.4
5yr Avg	21.1	Sector Avg	40.3

Forward PE

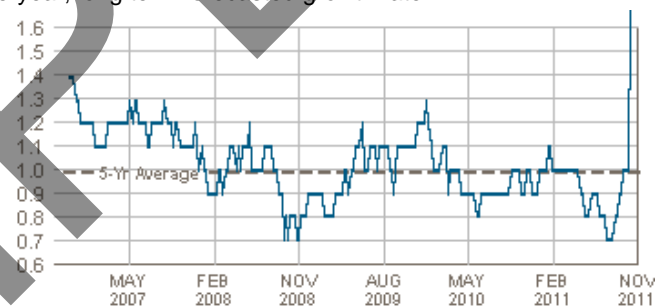
Forward P/E is calculated using the most recent closing price (updated weekly) divided by the sum of the four upcoming quarterly consensus estimates.



Forward PE	13.2	Index Avg	15.7
5yr Avg	14.4	Sector Avg	29.2

Forward PEG

Forward PEG is calculated by dividing the Forward P/E by the five-year, long term forecasted growth rate.



Forward PEG	1.7	Index Avg	2.3
5yr Avg	1.0	Sector Avg	1.8



Risk

Indicator Description

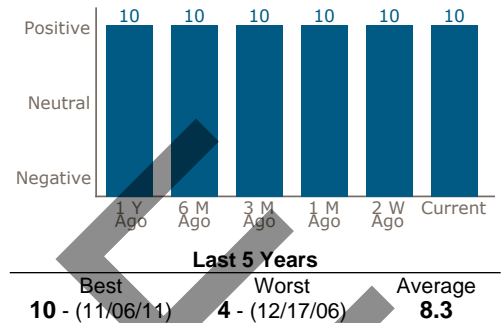
The **Risk Indicator** displays stocks on a scale of 1-10 with 10 being awarded to the least risky stocks. 'Risk' is derived by looking at a series of long (60-month) and short (90-day) term stock performance measures including volatility (standard deviation), magnitude of returns (best and worst day and month), beta (movement versus broader market), and correlation to the relevant index.

Indicator

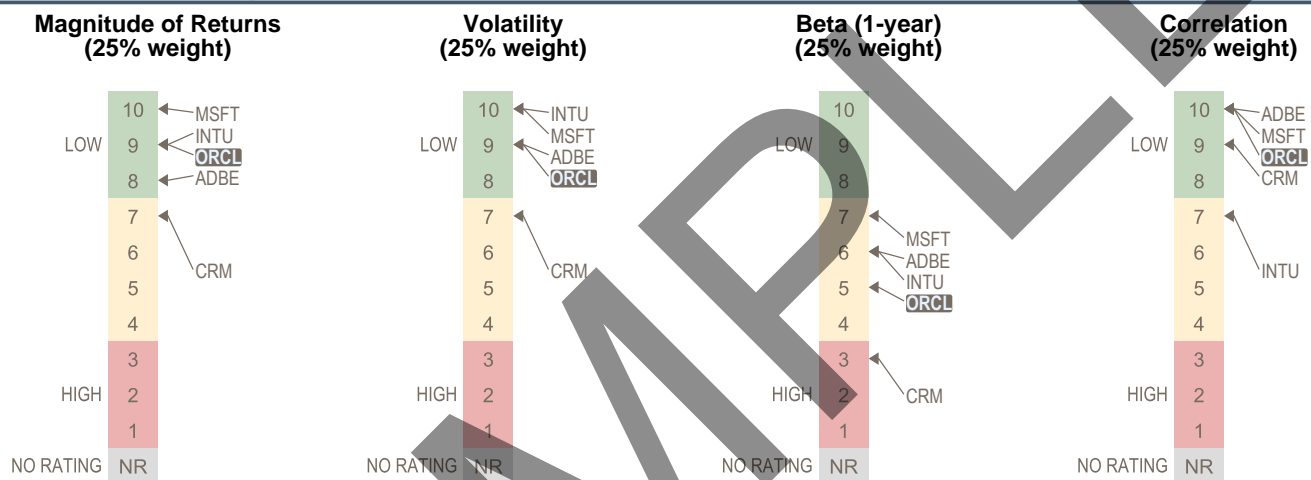
Consistent return patterns (**low volatility**).

RISK		Peers	
10		MSFT	10
		ADBE	10
		INTU	10
		CRM	7
		Averages	
	Software & IT Services Group	5	
	Software & IT Services Sector	5	
	S&P 500 Index	8.5	
	Giant Market Cap	8.9	

Indicator Trend



Indicator Sub-Components



Daily Returns (last 90)

Best	4.7%
Worst	-8.3%

Standard Deviation

Last 90 Days	2.68
Last 60 Months	7.97

Beta vs. S&P 500

1.24	
Positive Days Only	1.12
Negative Days Only	1.13

Correlation vs. S&P 500

Last 90 Days	86%
Last 60 Months	73%

Monthly Returns (last 60)

Best	22.9%
Worst	-12.7%

Intra-Day Swing

Last 90 Days Avg	3.3%
Last 90 Days Largest	7.0%

Beta vs. Sector

1.02	
Positive Days Only	1.01
Negative Days Only	1.01

Correlation vs. Sector

Last 90 Days	85%
Last 60 Months	71%

Highlights

- ORCL currently has a Risk Rating of 10 while the S&P 500 index has an average rating of 8.5.
- On days when the market is up, ORCL shares tends to outperform the S&P 500 index. However, on days when the market is down, the shares generally decrease by more than the S&P 500 index.
- In both short-term and long-term periods, ORCL has shown high correlation (≥ 0.4) with the S&P 500 index. Thus, this stock would provide only low levels of diversification to a portfolio similar to the broader market.
- Over the past 90 days, the daily price fluctuations of ORCL have been in-line with the S&P 500 index firms.

Risk and Reward Analysis

	Last 90 Days			Last 60 Months		
	Best Daily Return	Worst Daily Return	# Days Up / # Days Down	Largest Intra-Day Swing	Best Monthly Return	Worst Monthly Return
ORCL	4.7%	-8.3%	38 / 27	7.0%	22.9%	-12.7%
S&P 500	3.4%	-4.5%	38 / 25	5.1%	9.4%	-16.9%



Price Momentum

Indicator Description

The **Price Momentum Indicator** displays stocks on a scale of 1-10 with 10 being awarded to the strongest stocks based on a combination of two technical performance factors: relative strength (70% weight) and seasonality (30% weight). A stock's 1-month, 3-month, and 6-month relative strength indicators are considered and combined. The seasonality measure reflects a stock's and industry's historic price performance for each month over the past 10 years.

Indicator

Strong recent relative price performance or entering historically **favorable seasonal** period.

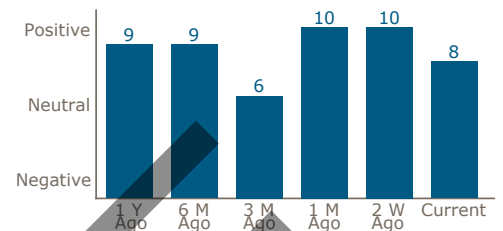


Peers	
INTU	8
CRM	6
MSFT	5
ADBE	5

Averages

Software & IT Services Group	5.6
Software & IT Services Sector	5.6
S&P 500 Index	6.4
Giant Market Cap	6.9

Indicator Trend

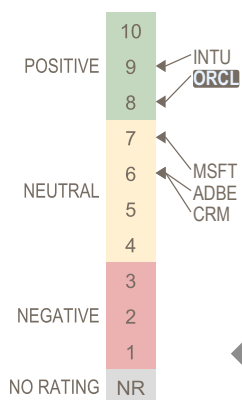


Last 5 Years

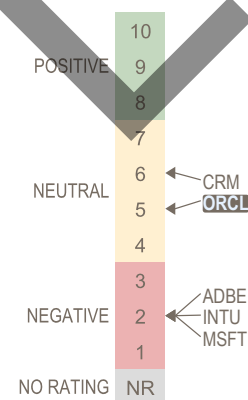
Best	10 - (10/30/11)	Worst	1 - (07/04/10)	Average	7.4
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Indicator Sub-Components

Relative Strength (70% weight)



Seasonality (30% weight)



Relative Strength Indicator (scale 1-100, 100 being the best)	ORCL	Industry Avg
Last 1 Month	54	52
Last 3 Months	52	50
Last 6 Months	52	50

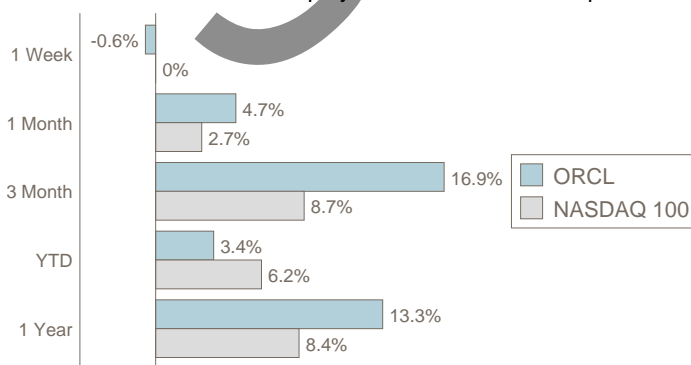
Company Avg
Industry Avg
Industry Rank

Last 10 Years

Avg NOV Return	Avg DEC Return	Avg JAN Return
-0.2%	3.9%	2.2%
3.0%	5.4%	2.5%
41 of 114	76 of 114	40 of 114

Price Performance

Daily closing pricing data is used to calculate the price performance of a stock over five periods. The performance of the NASDAQ 100 is also displayed as a means of comparison.



	ORCL (USD)	NASDAQ 100
Close Price (11/11/11)	32.37	2356
52-Week High	36.50	2430
52-Week Low	24.72	2038

- On 11/11/11, ORCL closed at 32.37, 11.3% below its 52-week high and 30.9% above its 52-week low.
- ORCL shares are currently trading 6.7% above their 50-day moving average of 30.33, and 2.3% above their 200-day moving average of 31.63.
- The NASDAQ 100 is currently 3.0% below its 52-week high and 15.6% above its 52-week low.



Insider Trading

Indicator Description

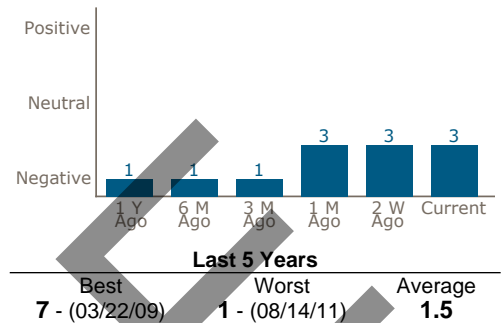
The **Insider Trading Indicator** displays stocks on a scale of 1-10 with 10 being awarded to the strongest stocks based on short-term and long-term legal insider trading behavior. The short-term view (60% weight) focuses primarily on insider transactions within the past 90 days. The long-term view (40% weight) looks at buying, selling and option exercise decisions over the past six months relative to other stocks within the same business sector.

Indicator



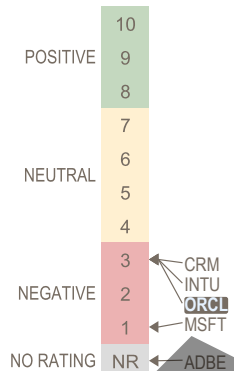
Peers	
ADBE	4
CRM	2
INTU	2
MSFT	1
Averages	
Software & IT Services Group	4.7
Software & IT Services Sector	4.7
S&P 500 Index	4.7
Giant Market Cap	4.4

Indicator Trend

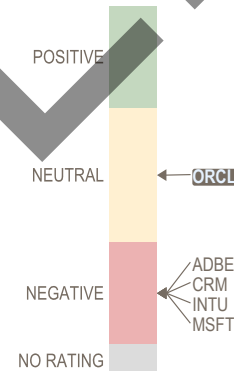


Indicator Sub-Components

Short-Term (60% weight)



Long-Term (40% weight)



Purchases and Sells

(Most recent transactions within the past 90 days)

Name	Role	Tran Date	Tran Type	Shares
Kurian, Thomas	O	10/31/11-10/31/11	S	1,400,000
Garcia, Molina Hector	D	10/17/11-10/17/11	S	3,667
Catz, Safra A	P	09/23/11-09/23/11	S	350,000
Garcia, Molina Hector	D	09/15/11-09/15/11	S	3,667

Last 6 Months

Total Shares Acquired	2,320,804
Total Shares Disposed	2,324,462
Net Shares (Acq - Disp)	-3,658
Sector Avg	-333,931

Seasonal Sells - Quarterly & Yearly

(values in USD)

Time-series data for each quarter over the past three years allows you to easily analyze the longer-term trend in open-market insider selling.

Year	Q1	Q2	Q3	Q4	Year Total
2011	58.4M	37.0M	16.6M	46.5M	158M
2010	18.0M	72.8M	99.6M	82.3M	273M
2009	34.0M	33.1M	84.1M	45.8M	197M
2008	46.0M	22.7M	36.5M	6.37M	112M

Seasonal Buys - Quarterly & Yearly

(values in USD)

Time-series data for each quarter over the past three years allows you to easily analyze the longer-term trend in open-market insider buying.

Year	Q1	Q2	Q3	Q4	Year Total
2011	0	0	0.03M	0	30,462
2010	0	0	0.08M	0	80,990
2009	0.16M	0.02M	0.12M	0.07M	0.37M
2008	0	0	0	0	0

Institutional Holders

(Updated weekly as of 11/12/11)

The top five institutional holders are presented based on the total number of shares held.

Institution	Inst. Type	# Shares Held	Reported Date
Ellison (Lawrence Joseph)	Strategic	1.10B	08/15/11
Capital Research Global Inv...	Inv Mgmt	164M	06/30/11
Vanguard Group, Inc.	Inv Mgmt	158M	09/30/11
State Street Global Advisor...	Inv Mgmt	146M	09/30/11
Fidelity Management & Research	Inv Mgmt	139M	06/30/11

Top Executive Holders

(Updated monthly as of 09/18/11)

The top five insider holders are presented based on the total number of direct holdings. Indirect holdings are excluded.

Insider Name	Role	# Direct Shares	Values (USD)	Reported Date
Ellison, Lawrence Jo...	CEO	1.10B	32.3B	01/05/11
Weiler, Robert K	O	77,425	2.26M	09/13/10
Rozwat, Charles A	O	32,690	0.96M	04/01/11
Kurian, Thomas	O	29,812	0.87M	01/27/11
Fowler, John F	O	23,970	0.70M	08/03/11



Stock Report (10-Page) Report Tips

The Thomson Reuters Stock Report is a comprehensive, company-specific analysis that includes a proprietary Stock Rating along with underlying component indicators and supportive data elements. The report is updated daily, although some of the data elements are updated weekly.

Average Score

The Average Score combines a quantitative analysis of six widely-used investment decision making tools - Earnings, Fundamental, Relative Valuation, Risk, Price Momentum, and Insider Trading. First, a simple average of the six underlying component ratings is calculated. Then, a normal distribution is used to rank each stock on a scale of 1 to 10, with 10 being most favorable. A score of 8 to 10 is considered positive, 4 to 7 is neutral, and 1 to 3 is negative. These six factors may be evaluated differently using alternative methodologies, and the importance of individual factors varies across groups, market capitalization and investment styles. Additional criteria should always be used to evaluate a stock.

A stock must have sufficient data available for at least four of the six component indicators in order to receive an overall Average Score.

- United States Coverage: Of the 4,500 stocks within the Thomson Reuters U.S. universe, approximately 85% typically meet the criteria for generating an Average Score.

Optimized Score

As an alternative to the average score, the Stock Report includes an Optimized Score generated by independent research firm, Verus Analytics. It uses the same six component ratings, but rather than equally weighting each of the factors, the weighting varies by market capitalization of the underlying security based on backtesting research. These scores are also updated weekly and distributed normally on a 1 to 10 scale, with 10 being best. The variable size is assigned monthly by ranking the market capitalization and assigning the appropriate category as follows:

Large	-	Top 5.55%
Mid	-	Next 13.87%
Small	-	Next 34.68%
Micro	-	Remaining 45.9%

Indicator Components

- The six indicators that comprise the stock rating are displayed. Like the stock rating, the component rating scale is 1 to 10, with 10 being best. A company will receive an 'NR' for No Rating if the required data elements or criteria are not met.
- The indicators are updated weekly.

Peer Analysis

- The Thomson Reuters Business Classification (TRBC) system is used for industry comparisons. It is designed to track and display the primary business of a corporation by grouping together correlated companies that offer products and services into similar end markets. The system includes 10 Economic Sectors, 25 Business Sectors, 52 Industry Groups, and 124 Industries.
- The Peer Analysis section of the report compares the company to its ten closest peers. The peers are selected from the industry based on similar market capitalization. The peer listing may have fewer than ten companies if there are fewer than ten companies within that industry.

Highlights

The Thomson Reuters proprietary automated text-generation system creates highlights summarizing the most noteworthy data. The bullets will vary by company and will change from week to week as different criteria are met.

Earnings

Indicator

The Earnings Rating is based on a combination of three factors: earnings surprise, estimate revision, and broker recommendation changes. Each factor is equally weighted. A stock needs to have at least two of the three earnings factors in order to receive a final earnings score. The company's current earnings indicator is presented for each factor alongside its four closest industry peers based on similar market capitalization.

- Earnings Surprise - The number of positive and negative surprises, along with the number of in-line announcements within the last 4 quarters.
- Estimate Revision - The number of up and down revisions and the average percentage change of those revisions within a 4 week period.
- Broker Recommendation Changes - The number of upgrades and downgrades in the last 120 days.

Indicator Trend

The best, worst, and average earnings indicator scores over the last five years allow users to put the current score into historical context. The trend graph displays the company-level earnings indicator for six time periods: 1 year ago, 6 months ago, 3 months ago, 1 month ago, 2 weeks ago, and current. If there is no rating, an 'NA' is inserted.

Price Target

The price target is based on the predictions of analysts covering the stock and shows the high, low and mean price expected within the next 12 months.

Earnings Per Share

The quarterly and annual earnings per share are presented, along with the mean, high and low. Quarterly data is available for the past 4 quarters (actual) and the next 2 quarters (estimated). Annual data is available for the past 2 years (actual) and the next 2 years (estimated).

Earnings Surprise

- The surprise summary includes the total number of quarters (and percentage) in the past 12 quarters in which earnings surprises were positive, negative, or in-line. In order to be recognized as a 'positive surprise', the surprise percent must be greater than 2% above the consensus. A 'negative surprise' is any surprise that is more than -2% below the consensus. Finally, an 'in-line surprise' is any surprise percent within 2% of the consensus.
- The surprise detail section includes detailed information on a company's quarterly earnings reported for the most recent 6 quarters. The consensus analyst estimate is provided to determine if the actual earnings report represented a positive surprise, negative surprise, or in-line result.

Mean Estimate Trend

The mean estimate trend shows how the consensus has changed over the past 30 and 90 days for the upcoming two quarters and two years. The percentage change is calculated for the company as a means for comparison by measuring the difference between the current consensus estimate and that of 90 days ago.

Analyst Recommendations

The First Call Mean is the mean recommendation of all analysts covering the stock. The recommendations are presented on a five-point scale: strong buy, buy, hold, reduce, and sell.

Fundamental

Indicator

The Fundamental Rating is based on a combination of four fundamental component factors: profitability, debt, earnings quality, and dividend. Each factor is equally weighted. A stock needs to have at least three of the four fundamental factors present for a given fiscal quarter in order to receive a final fundamental score. Companies that do not pay a dividend are not penalized. The company's current fundamental indicator is presented for each factor alongside its four closest industry peers based on similar market capitalization.

- Profitability is comprised of four data elements.
 - Revenue Growth: (Net Sales - Previous Net Sales) / Previous Net Sales
 - Gross Margin: Gross Profit / Net Sales
 - Return on Equity: Net Income / Total Equity
 - Net Margin: Net Profit / Net Sales
- Debt is comprised of four data elements.
 - Current Ratio: Current Assets / Current Liabilities
 - Debt-to-Capital: Total Debt / Total Capital
 - Interest Funding: Interest Expense / Operating Cash Flow
 - Interest Coverage: (Pre-Tax Income + Interest Expense) / Interest Expense
- Earnings Quality is comprised of two data elements.
 - Days Sales in Inventory: 365 / (Cost of Goods Sold / Inventory)
 - Days Sales in Receivables: 365 / (Net Sales (Revenues) / Receivables)
- Dividend is comprised of four data elements. The company must have a current dividend yield.
 - Dividend Growth Rate: (Dividends per Share - Previous Dividends per Share) / Previous Dividends per Share
 - Dividend Funding: Dividends / Operating Cash Flow
 - Dividend Coverage: (Pre-Tax Income + Interest Expense) / (Interest Expense + Dividends)
 - Current Dividend Yield: Annual Dividends per Share / Current Market Price per Share

Indicator Trend

The best, worst and average fundamental indicator scores over the last five years allow users to put the current score into historical context. The trend graph displays the company-level fundamental indicator for the last 6 quarters. If there is no rating, an 'NA' is inserted.

Relative Valuation

Indicator

The Relative Valuation Rating is based on a combination of three component factors: Forward PEG (50% weight), Trailing P/E (25% weight), and Forward P/E (25% weight). These common valuation metrics are evaluated against the overall market, the index, and the company's own historic 5-year averages. A stock needs to have at least one of the three relative valuation factors present in order to receive a score. The company's current relative valuation indicator is presented for each factor alongside its four closest industry peers based on similar market capitalization.

- Trailing P/E: Close Price / Most Recent 4 Quarters of Earnings
- Forward P/E: Close Price / Upcoming 4 Quarters of Earnings
- Forward PEG: Forward P/E / Long-Term Forecasted Growth Rate



Indicator Trend

The best, worst, and average relative valuation indicator scores over the last five years allow users to put the current score into historical context. The trend graph displays the company-level relative valuation indicator for six time periods: 1 year ago, 6 months ago, 3 months ago, 1 month ago, 2 weeks ago, and current. If there is no rating, an 'NA' is inserted.

Valuation Averages

- Negative values are excluded when calculating the averages.
- A maximum value of 100 is placed on Trailing P/E and Forward P/E and a maximum value of 5 is placed on Forward PEG when calculating the averages. Higher values are rounded down to the maximum for the averages.

Valuation Multiples

The valuation multiples provide the Trailing P/E, Forward P/E, and Forward PEG for the company and the S&P 500 index average. In addition, a comparison of the current company's values to its 5-year average and the S&P 500 average are presented. A discount occurs when the company's Trailing P/E, Forward P/E, or Forward PEG is valued more favorably (lower) than that to which it is compared.

Risk

Indicator

The Risk Rating displays stocks on a scale of 1 to 10 with 10 being awarded to the least risky stocks. It is derived by looking at a series of long-term (5-year) and short-term (90-day) stock performance measures including volatility (40% weight), magnitude of returns (30% weight), beta (20% weight), and correlation (10% weight). A stock needs to have at least two of the four risk factors in order to receive a final score. The company's current risk indicator is presented for each factor alongside its four closest industry peers based on similar market capitalization.

- **Magnitude of Returns** – The best / worst daily returns in the past 90 days and the best / worst monthly returns in the past 60 months.
- **Volatility** – The standard deviation of the stock price over the last 90 days and last 60 months. The average and largest intra-day stock swing is another measure of volatility.
- **Beta** – Measures how the stock performs versus the broader market based on the beta of the company versus the S&P 500 and the industry group.
- **Correlation** – Determines how correlated (or not) the stock is to the S&P 500 and the industry group in the last 90 days and last 60 months.

Indicator Trend

The best, worst, and average risk indicator scores over the last five years allow users to put the current score into historical context. The trend graph displays the company-level risk indicator for six time periods: 1 year ago, 6 months ago, 3 months ago, 1 month ago, 2 weeks ago, and current. If there is no rating, an 'NA' is inserted.

Risk and Reward Analysis

Price analysis for the company and the S&P 500 is provided over two time periods. Daily analysis is provided for the last 90 days, whereas monthly statistics are used for the last 60 months.

Price Momentum

Indicator

The Price Momentum Rating is based on a combination of two technical performance factors: relative strength (70% weight) and seasonality (30% weight). A stock needs to have data for the relative strength factor in order to receive a price momentum score. The company's current price momentum indicator is presented for each factor alongside its four closest industry peers based on similar market capitalization.

- **Relative Strength** – The relative strength of the company for the last 1 month, 3 months, and 6 months on a scale of 1 to 100.
- **Seasonality** – The average monthly return (price performance) for the current month and next 2 months for the company and industry, over the past 10 years. A lower industry rank indicates a higher return.

Indicator Trend

The best, worst, and average price momentum indicator scores over the last five years allow users to put the current score into historical context. The trend graph displays the company-level price momentum indicator for six time periods: 1 year ago, 6 months ago, 3 months ago, 1 month ago, 2 weeks ago, and current. If there is no rating, an 'NA' is inserted.

Price Performance

Daily close pricing data is used to calculate the price performance of a stock. The performance of the S&P 500 is also displayed as a means of comparison.

Insider Trading

Indicator

The Insider Trading Rating is based on short-term (60% weight) and long-term (40% weight) legal insider trading behavior. A stock needs to have at least one of the two insider trading factors in order to receive a score. The company's current insider trading indicator is presented for each factor alongside its four closest industry peers based on similar market capitalization.

- **Short-Term Insider** – Uses insider buy and sell transactions within the past 90 days. This factor is based on the Thomson Reuters quantitative insider trading model that considers the insider's role, consensus, number of shares, market capitalization of the company, and the historic stock performance following trades by the given insider.
- **Long-Term Insider** – Looks at buying, selling and option exercise decisions over the past six months relative to other stocks within the same business sector. The net shares are presented alongside the business sector average as a means of comparison.

Indicator Trend

The best, worst, and average insider trading indicator scores over the last five years allow users to put the current score into historical context. The trend graph displays the company-level insider trading indicator for six time periods: 1 year ago, 6 months ago, 3 months ago, 1 month ago, 2 weeks ago, and current. If there is no rating, an 'NA' is inserted.

Seasonal \$ Sells / Buys

The seasonal \$ quarterly and yearly sell / buy section provides time-series data that allows an easy analysis of the longer-term trend in open-market insider buying and selling (option acquisitions are not considered). Data is presented based on the market value of the transactions. Transactions by trusts and corporations are excluded, along with buys greater than \$10 million and sales greater than \$50 million. The transaction totals within each quarter are the sum of all buys or sells for that time period. Each quarter is a calendar quarter, January through March, April through June, etc. The value for the full year is the sum of each of the four quarterly averages.

Institutional and Executive Holders

The top five institutional and executive holders of the company are listed in descending order, based on their total direct common share holdings (options are not considered). Indirect holdings are excluded, as the owner may not actually have investment discretion over these shares. This table is updated monthly. Insiders who have not filed any transactions or holdings over the past two years are excluded as this may indicate that the individual is no longer associated with the company. Additionally, direct shares held must be greater than 1,000 to be considered.

Insider Roles

AF - Affiliate	CT - Chief Technology Officer	R - Retired
B - Beneficial Owner	D - Director	SH - Shareholder
CB - Chairman	EVP - Exec Vice President	SVP - Senior Vice President
CEO - Chief Executive Officer	GC - General Counsel	T - Trustee
CFO - Chief Financial Officer	O - Officer	TR - Treasurer
CM - Committee Member	OH - Other	VC - Vice Chairman
CO - Chief Operating Officer	P - President	VP - Vice President

Disclaimer

All information in this report is assumed to be accurate to the best of our ability. Past performance is not a guarantee of future results. The information contained in this report is not to be construed as advice and should not be confused as any sort of advice. Thomson Reuters, its employees, officers or affiliates, in some instances, have long or short positions or holdings in the securities or other related investments of companies mentioned herein. Investors should consider this report as only a single factor in making their investment decision.

