Invesco Quality Municipal Income Trust
Form NSAR-B
April 27, 2012

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TITLE       ASSISANT VP & ASSISTANT TREASURER
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$1,000,000,000 principal amount of Floating Rate Notes due May 14, 2010.

Maturity date	May 14, 2009 for the 2009 Notes.
	May 14, 2010 for the 2010 Notes.
Interest rates	Floating rate equal to three-month USD LIBOR plus 0.02% for the 2009 Notes.
	Floating rate equal to three-month USD LIBOR plus 0.06% for the 2010 Notes.
Interest payment dates	Each February 14, May 14, August 14 and November 14, beginning on August 14, 2007.
Ranking	The Notes will be the senior unsecured obligations of Oracle Corporation and will rank equally with all of its existing and future senior indebtedness. All existing and future liabilities of subsidiaries of Oracle Corporation will be effectively senior to the Notes.
	As of February 28, 2007, Oracle had approximately $13.6 billion of total liabilities on a consolidated basis, including $5.7 billion of senior notes and $5 million of capital leases outstanding. Of this amount, subsidiaries of Oracle Corporation had approximately $6.8 billion of liabilities (including trade payables) to which the Notes will be effectively subordinated. In addition, in April 2007, Oracle Corporation issued $1.7 billion of short-term promissory notes (the Commercial Paper Notes) under its commercial paper program, which rank *pari passu* with the Existing Floating Rate Notes and will rank *pari passu* with the 2009 Notes and 2010 Notes.

Governing law	New York.
Use of proceeds	The proceeds of this offering will be used to fund the redemption of the existing floating rate notes due 2009 (the Existing Floating Rate Notes). We intend to use the remaining net proceeds for general corporate purposes, which may include stock repurchases, repayment of other indebtedness (such as our Commercial Paper Notes) and future acquisitions.

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Further issuances	Oracle Corporation may create and issue further notes of a series ranking equally and ratably with the applicable series of Notes offered by this prospectus supplement in all respects, so that such further notes of each series will be consolidated and form a single series with the applicable series of Notes offered by this prospectus supplement.
Sinking fund	None.
Optional redemption	Oracle Corporation may not redeem the Notes prior to their maturity.
Trustee and calculation agent	The Bank of New York Trust Company, N.A. is the trustee and calculation agent.
Rating	Moody s Investors Service, Inc., Standard & Poor s Ratings Services and Fitch Ratings currently rate Oracle Corporation s long-term debt A2, A and A, respectively.
Risk factors	You should carefully consider all of the information in this prospectus supplement and the accompanying prospectus and the documents incorporated herein by reference. In particular, you should evaluate the information set forth under Special note on forward-looking statements and Risk factors before deciding whether to invest in the Notes.

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Summary consolidated financial data

Our summary consolidated financial information presented below as of and for the three years ended May 31, 2006 has been derived from our audited consolidated financial statements. The summary consolidated financial information as of and for the nine months ended February 28, 2007 and February 28, 2006 has been derived from our unaudited condensed consolidated financial statements and includes all adjustments (consisting of normal recurring items) which are, in our opinion, necessary for a fair presentation of our financial position as of such dates and results of operations for such periods. The results of operations for the nine months ended February 28, 2007 are not necessarily indicative of the results for our full fiscal year ending May 31, 2007.

Our summary consolidated financial information set forth below should be read in conjunction with our consolidated financial statements, including the notes thereto, and Management s Discussion and Analysis of Financial Condition and Results of Operations, both of which can be found in our Annual Report on Form 10-K for the year ended May 31, 2006 and our Quarterly Reports on Form 10-Q for the quarterly periods ended August 31, 2006, November 30, 2006 and February 28, 2007, all of which are incorporated by reference herein.

(In millions, except per share data)	Nine months ended February 28, 2007	2006	Year ended May 31, 2006	2005	2004
	(Unaudited)				
Results of operations(1):					
Revenues:					
New software licenses	$ 3,401	$ 2,783	$ 4,905	$ 4,091	$ 3,541
Software license updates and product support	6,056	4,764	6,636	5,330	4,529
Services	2,710	1,982	2,839	2,378	2,086
Total revenues	12,167	9,529	14,380	11,799	10,156
Operating expenses:					
Sales and marketing	2,632	2,076	3,177	2,511	2,123
Software license updates and product support	613	514	719	618	547
Cost of services	2,419	1,757	2,516	2,033	1,770
Research and development	1,596	1,335	1,872	1,491	1,254
General and administrative	503	410	555	550	508
Amortization of intangible assets	623	398	583	219	36
Other	88	160	222	355	54
Total operating expenses	8,474	6,650	9,644	7,777	6,292
Operating income	3,693	2,879	4,736	4,022	3,864
Interest expense	(248)	(86)	(169)	(135)	(21)
Non-operating income, net	277	138	243	164	102
Income before provision for income taxes	3,722	2,931	4,810	4,051	3,945
Provision for income taxes	1,052	850	1,429	1,165	1,264
Net income	$ 2,670	$ 2,081	$ 3,381	$ 2,886	$ 2,681
Earnings per share basic	$ 0.51	$ 0.40	$ 0.65	$ 0.56	$ 0.51
Earnings per share diluted	$ 0.51	$ 0.40	$ 0.64	$ 0.55	$ 0.50

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(In millions)	February 28, 2007	2006	2006	2005	May 31, 2004
	(Unaudited)				
Balance sheets data(1):					
Cash, cash equivalents and marketable securities	$ 6,445	$ 7,764	$ 7,605	$ 4,771	$ 8,587
Working capital	4,334	5,333	5,044	385	7,064
Total assets	29,369	28,464	29,029	20,687	12,763
Short-term borrowings and current portion of long-term debt	3	341	159	2,693	9
Notes payable and long-term debt, net of current portion	5,736	5,741	5,735	159	163
Total stockholders equity	15,791	15,043	15,012	10,837	7,995

(1) Excludes the impact of the following significant events subsequent to February 28, 2007: (a) our acquisition of Hyperion Solutions Corporation in April 2007 (substantially all of the consideration for which was paid in cash), (b) our issuance of $1.7 billion in Commercial Paper Notes in April 2007 and (c) our redemption of the Existing Floating Rate Notes to be effected on May 30, 2007.

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Ratio of earnings to fixed charges

The following table sets forth our ratio of earnings to fixed charges for each of the periods indicated. This table does not reflect the $1.7 billion of Commercial Paper Notes we issued in April 2007 or the redemption of the Existing Floating Rate Notes to be effected on May 30, 2007.

	Nine months ended February 28,		Year ended May 31,				
	2007	**2006**	**2006**	**2005**	**2004**	**2003**	**2002**
Ratio of earnings to fixed charges	15x	28x	25x	25x	68x	64x	48x

For purposes of calculating this ratio, the term earnings means the amounts resulting from the following: (a) our income before provision for income taxes, plus (b) the minority interests in the income before provision for income taxes of our majority owned subsidiaries, plus (c) our fixed charges, less (d) our share of our equity investee s income before provision for income taxes, less (e) our interest capitalized. The term fixed charges means the amounts resulting from the following: (a) our interest expensed, plus (b) our interest capitalized, plus (c) our estimate of the interest component of rent expense.

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Risk factors

In considering whether to purchase the Notes, you should carefully consider all the information we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risk factors described below.

Risks Related to the Offering

An active trading market for the Notes may not develop.

There is currently no public market for the Notes, and Oracle Corporation does not currently plan to list the Notes on any national securities exchange. In addition, the liquidity of any trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for these Notes, prevailing interest rates and changes in Oracle Corporation s consolidated financial condition, results of operations or prospects. A liquid trading market in the Notes may not develop, which could decrease the amounts you would otherwise receive upon a sale or disposition of the Notes.

The Notes are the unsecured obligations of Oracle Corporation and not obligations of its subsidiaries and will be effectively subordinated to the claims of its subsidiaries creditors. Structural subordination increases the risk that Oracle Corporation will be unable to meet its obligations on the Notes when they mature.

The Notes are exclusively the obligations of Oracle Corporation and are not obligations of its subsidiaries. Oracle Corporation is a holding company and substantially all of its operations are conducted through its subsidiaries. As a result, Oracle Corporation s cash flow and ability to service its debt, including the Notes, depend upon the earnings of its subsidiaries and the distribution to it of earnings, loans or other payments by its subsidiaries.

Oracle Corporation s subsidiaries are separate and distinct legal entities. Its subsidiaries have not guaranteed the Notes and are under no obligation to pay any amounts due on the Notes or to provide Oracle Corporation with funds for its payment obligations, whether by dividends, distributions, loans or other payments. Payments to Oracle Corporation by its subsidiaries will also be contingent upon such subsidiaries earnings and business considerations and may be subject to legal and contractual restrictions. As of February 28, 2007, Oracle had approximately $13.6 billion of total liabilities on a consolidated basis, including $5.7 billion of senior notes and $5 million of capital leases outstanding. Of this amount, subsidiaries of Oracle Corporation had approximately $6.8 billion of liabilities (including trade payables). The Existing Floating Rate Notes are, and the 2009 Notes and 2010 Notes will be, effectively subordinated to all such liabilities of these subsidiaries. In addition, in April 2007, Oracle Corporation issued $1.7 billion of Commercial Paper Notes, which rank *pari passu* with the Existing Floating Rate Notes and will rank *pari passu* with the 2009 Notes and 2010 Notes.

Oracle Corporation s right to receive any assets of any of its subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including senior and subordinated debt holders and bank and trade creditors. In addition, even if Oracle Corporation were a creditor of any of its subsidiaries, its rights as a creditor would be subordinate to any

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security interest in the assets of its subsidiaries and any indebtedness of its subsidiaries senior to that held by Oracle Corporation.

In addition, the Notes are not secured by any of the assets of Oracle Corporation or any assets of its subsidiaries. Accordingly, the Notes will be subordinated to the extent Oracle Corporation or its subsidiaries have secured borrowings. There are no restrictions in the indenture governing the Notes that restrict its subsidiaries from granting security interests or liens on any or all of their assets.

The indenture governing the Notes contains negative covenants. The limitation on liens and sale/leaseback covenants do not apply to Oracle Corporation s subsidiaries and contain exceptions that would allow Oracle Corporation and its subsidiaries to grant liens or security interests with respect to their assets rendering the holders of the Notes structurally or contractually subordinated to new lenders.

The indenture governing the Notes contains negative covenants. The limitation on liens and sale/leaseback covenants apply to Oracle Corporation, but not to its subsidiaries. As a result, such subsidiaries will not be restricted under the indenture from granting liens or security interests with respect to all or any of their assets without having to provide similar liens or security to the holders of the Notes, or from entering into sale/leaseback transactions. Exceptions to the definition of permitted lien within the limitation on liens covenant would allow Oracle Corporation to borrow substantial additional amounts, and to grant liens or security interests in connection with those borrowings.

Increased leverage may harm the financial condition and results of operations of Oracle Corporation.

As of February 28, 2007 Oracle had approximately $13.6 billion of total liabilities on a consolidated basis. In addition, in April 2007, Oracle Corporation issued $1.7 billion of Commercial Paper Notes. As of the date hereof, Oracle Corporation has the ability to borrow up to an additional $1.3 billion under its commercial paper program and $3.0 billion under its revolving credit facility, which backstops the commercial paper program.

Oracle Corporation and its subsidiaries may incur additional indebtedness in the future and the Notes do not restrict future incurrence of indebtedness. Any increase in its level of indebtedness will have several important effects on Oracle Corporation s future operations, including, without limitation:

- Oracle Corporation will have additional cash requirements in order to support the payment of interest on its outstanding indebtedness;

- increases in its outstanding indebtedness and leverage will increase its vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure; and

- depending on the levels of its outstanding debt, its ability to obtain additional financing for working capital, capital expenditures, general corporate and other purposes may be limited.

Oracle Corporation s ability to make payments of principal and interest on its indebtedness depends upon its future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting its consolidated operations,

many of which are beyond its control. If Oracle Corporation is unable to generate sufficient cash flow from operations in the future to service its debt, it may be required, among other things:

- to seek additional financing in the debt or equity markets;
- to refinance or restructure all or a portion of its indebtedness, including the Notes;
- to sell selected assets;
- to reduce or delay planned capital expenditures; or
- to reduce or delay planned operating expenditures.

Such measures might not be sufficient to enable Oracle Corporation to service its debt. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms.

Ratings of the Notes may change and affect the market price and marketability of the Notes.

Oracle Corporation s long term debt has been rated A2, A and A by Moody s Investors Service, Inc., Standard & Poor s Ratings Services and Fitch Ratings, respectively. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency s judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with future events, such as future acquisitions. Holders of Notes will have no recourse against Oracle Corporation or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Notes.

Risks Related to Our Business

We operate in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that we cannot control or predict. The following discussion and our Critical Accounting Policies and Estimates discussed in our 10-Q for the quarter ended February 28, 2007, which is incorporated by reference into this prospectus supplement, highlight some of these risks.

Economic, political and market conditions can adversely affect our revenue growth and profitability.

Our business is influenced by a range of factors that are beyond our control and that we have no comparative advantage in forecasting. These include:

- general economic and business conditions;
- the overall demand for enterprise software and services;
- governmental budgetary constraints or shifts in government spending priorities; and
- general political developments.

A general weakening of the global economy, or a curtailment in government or corporate spending, could delay and decrease customer purchases. In addition, the war on terrorism, the war in Iraq and the potential for other hostilities in various parts of the world, potential public

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health crises, as well as natural disasters, continue to contribute to a climate of economic and political uncertainty that could adversely affect our revenue growth and results of operations. These factors generally have the strongest effect on our sales of software licenses, and to a lesser extent, also affect our renewal rates for software license updates and product support.

We may fail to achieve our financial forecasts due to inaccurate sales forecasts or other factors.

Our revenues, and particularly our new software license revenues, are difficult to forecast, and as a result our quarterly operating results can fluctuate substantially. We use a pipeline system, a common industry practice, to forecast sales and trends in our business. Our sales personnel monitor the status of all proposals and estimate when a customer will make a purchase decision and the dollar amount of the sale. These estimates are aggregated periodically to generate a sales pipeline. Our pipeline estimates can prove to be unreliable both in a particular quarter and over a longer period of time, in part because the conversion rate of the pipeline into contracts can be very difficult to estimate. A contraction in the conversion rate, or in the pipeline itself, could cause us to plan or budget incorrectly and adversely affect our business or results of operations. In particular, a slowdown in information technology spending or economic conditions generally can reduce the conversion rate in particular periods as purchasing decisions are delayed, reduced in amount or cancelled. The conversion rate can also be affected by the tendency of some of our customers to wait until the end of a fiscal period in the hope of obtaining more favorable terms. In addition, for newly acquired companies, we will have limited ability to predict how their pipelines will convert into sales or revenues for one or two quarters following the acquisition and their conversion rate post-acquisition may be quite different from their historical conversion rate. Because a substantial portion of our new software license revenue contracts is completed in the latter part of a quarter, and our cost structure is largely fixed in the short term, revenue shortfalls tend to have a disproportionately negative impact on our profitability. A delay in even a small number of large new software license transactions could cause our quarterly new software licenses revenues to fall significantly short of our predictions.

Our success depends upon our ability to develop new products and services, integrate acquired products and services and enhance our existing products and services.

Rapid technological advances and evolving standards in computer hardware, software development and communications infrastructure, changing and increasingly sophisticated customer needs and frequent new product introductions and enhancements characterize the enterprise software market in which we compete. If we are unable to develop new products and services, or to enhance and improve our products and support services in a timely manner or to position and/or price our products and services to meet market demand, customers may not buy new software licenses or renew software license updates and product support. In addition, information technology standards from both consortia and formal standards-setting forums as well as de facto marketplace standards are rapidly evolving. We cannot provide any assurance that the standards on which we choose to develop new products will allow us to compete effectively for business opportunities in emerging areas.

We are developing a next generation applications platform that is planned to combine the best features, flows and usability traits of the Oracle, PeopleSoft, JD Edwards and Siebel applications. We have also acquired several other application product lines for which we will need to continue to provide long-term support, as well as ensure that the key capabilities of these product lines move into the next generation platform. We intend to continue many of these application lines

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as separate product lines as well, which requires us to continue to dedicate development resources. If we do not develop and release these new or enhanced products and services within the anticipated time frames, if there is a delay in market acceptance of a new, enhanced or acquired product line or service, if we do not timely optimize complementary product lines and services or if we fail to adequately integrate, support or enhance acquired application lines or services, our business may be adversely affected.

Acquisitions present many risks, and we may not realize the financial and strategic goals that were contemplated at the time of any transaction.

In the past three fiscal years, we have invested over $25 billion in the aggregate to acquire companies, products, services and technologies. An active acquisition program is an important element of our overall corporate strategy and we expect to continue to make similar acquisitions in the future. Risks we may face in connection with our acquisition program include:

- an acquisition may not further our business strategy as we expected, or we may pay more than the acquired company or assets are worth;
- we may not realize the anticipated increase in our revenues if a larger than predicted number of customers decline to renew software license updates and product support, if we are unable to sell the acquired products to our customer base or if contract models of an acquired company do not allow us to recognize revenues on a timely basis;
- we may have difficulty incorporating acquired technologies or products with our existing product lines and maintaining uniform standards, controls, procedures and policies;
- we may have higher than anticipated costs in continuing support and development of acquired products;
- we may have multiple and overlapping product lines that are offered, priced and supported differently, which could cause customer confusion and delays;
- our relationship with current and new employees, customers, partners and distributors could be impaired;
- we may have to delay or not proceed with a substantial acquisition if we cannot obtain the necessary funding to complete the acquisition in a timely manner;
- our use of cash to pay for acquisitions may limit other potential uses of our cash;
- we may significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition;
- we may assume pre-existing contractual relationships, which we would not have otherwise entered into, and exiting or modifying such relationships may be costly to us and disruptive to customers;

our due diligence process may fail to identify all of the problems, liabilities or other challenges of an acquired company or technology, including issues with the company s intellectual property, product quality or product architecture or employee, customer or partner issues;

we may have legal and tax exposures or lose anticipated tax benefits as a result of unforeseen difficulties in our legal entity merger integration activities;

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- we may face contingencies related to product liability, intellectual property, financial disclosures, accounting practices or internal controls and other contingencies;

- the acquisition may result in litigation from terminated employees or third parties;

- our ongoing business may be disrupted and our management s attention may be diverted by acquisition, transition or integration activities;

- we may be unable to obtain timely approvals from governmental authorities under competition and antitrust laws and from worker councils under applicable employment laws; and

- to the extent that we issue a significant amount of equity securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease.

The occurrence of any of these risks could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly in the case of a larger acquisition or several concurrent acquisitions.

We may not be able to protect our intellectual property.

We rely on a combination of copyright, patent, trade secrets, confidentiality procedures and contractual commitments to protect our proprietary information. Despite our efforts, these measures can only provide limited protection. Unauthorized third parties may try to copy or reverse engineer portions of our products or otherwise obtain and use our intellectual property. Any patents owned by us may be invalidated, circumvented or challenged. Any of our pending or future patent applications, whether or not being currently challenged, may not be issued with the scope of the claims we seek, if at all. In addition, the laws of some countries do not provide the same level of protection of our proprietary rights as do the laws of the United States. If we cannot protect our proprietary technology against unauthorized copying or use, we may not remain competitive.

Third parties may claim we infringe their intellectual property rights.

We periodically receive notices from others claiming we are infringing their intellectual property rights. We expect the number of such claims will increase as the number of products and competitors in our industry segments grows, the functionality of products overlap, the proliferation, incorporation and support of third-party code (including open source code) increases, and the volume of issued software patents continues to increase. Responding to any infringement claim, regardless of its validity, could:

- be time-consuming, costly and/or result in litigation;

- divert management s time and attention from developing our business;

- require us to pay monetary damages or enter into royalty and licensing agreements that we would not normally find acceptable;

- require us to stop selling or to redesign certain of our products; or

- require us to satisfy indemnification obligations to our customers.

If a successful claim is made against us and we fail to develop or license a substitute technology, our business, results of operations, financial condition or cash flows could be adversely affected. A

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patent infringement case is discussed under Note 16 in our Notes to Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the quarterly period ended February 28, 2007.

We may need to change our pricing models to compete successfully.

The intensely competitive markets in which we compete can put pressure on us to reduce our prices. If our competitors offer deep discounts on certain products or services, we may need to lower prices or offer other favorable terms in order to compete successfully. Any such changes would likely reduce margins and could adversely affect operating results. Our software license updates and product support fees are generally priced as a percentage of our new license fees. Our competitors may offer a lower percentage pricing on product updates and support, which could put pressure on us to further discount our new license prices. Any broad-based change to our prices and pricing policies could cause new software license and services revenues to decline or be delayed as our sales force implements and our customers adjust to the new pricing policies. Some of our competitors may bundle software products for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. These practices could, over time, significantly constrain the prices that we can charge for our products. If we do not adapt our pricing models to reflect changes in customer use of our products, our new software license revenues could decrease. Additionally, increased distribution of applications through application service providers may reduce the average price for our products or adversely affect other sales of our products, reducing new software license revenues unless we can offset price reductions with volume increases or lower spending. The increase in open source software distribution may also cause us to change our pricing models.

We may be unable to compete effectively in a range of markets within the highly competitive software industry.

Many vendors develop and market databases, internet application server products, application development tools, business applications, collaboration products and business intelligence products that compete with our offerings. In addition, several companies offer business outsourcing as a competitive alternative to buying software. Some of these competitors have greater financial or technical resources than we do. Also, our competitors who offer business applications and application server products may influence a customer s purchasing decision for the underlying database in an effort to persuade potential customers not to acquire our products. We could lose market share if our competitors introduce new competitive products, add new functionality, acquire competitive products, reduce prices or form strategic alliances with other companies. We may also face increasing competition from open source software initiatives, in which competitors may provide software and intellectual property free. Existing or new competitors could gain market share in any of our markets at our expense.

Our periodic sales force restructurings can be disruptive.

We continue to rely heavily on our direct sales force. We have in the past restructured or made other adjustments to our sales force in response to management changes, product changes, performance issues, acquisitions and other internal and external considerations. In the past, sales force restructurings have generally resulted in a temporary lack of focus and reduced productivity; these effects could recur in connection with future acquisitions and other restructurings and our revenues could be negatively affected.

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Disruptions of our indirect sales channel could affect our future operating results.

Our indirect channel network is comprised primarily of resellers, system integrators/implementers, consultants, education providers, internet service providers, network integrators and independent software vendors. Our relationships with these channel participants are important elements of our marketing and sales efforts. Our financial results could be adversely affected if our contracts with channel participants were terminated, if our relationships with channel participants were to deteriorate, if any of our competitors enter into strategic relationships with or acquire a significant channel participant or if the financial condition of our channel participants were to weaken. There can be no assurance that we will be successful in maintaining, expanding or developing our relationships with channel participants. If we are not successful, we may lose sales opportunities, customers and market share.

PeopleSoft s Customer Assurance Program may expose us to substantial liabilities if triggered.

In June 2003, in response to our tender offer, PeopleSoft implemented what it referred to as the customer assurance program or CAP . The CAP incorporated a provision in PeopleSoft s standard licensing arrangement that purports to contractually burden Oracle, as a result of its acquisition of PeopleSoft, with a contingent obligation to make payments to PeopleSoft customers should Oracle fail to take certain business actions for a fixed period of time subsequent to the acquisition. The payment obligation, which typically expires four years from the date of the contract, is fixed at an amount generally between two and five times the license and first year support fees paid to PeopleSoft in the applicable license transaction. This purported obligation was not reflected as a liability on PeopleSoft s balance sheet as PeopleSoft concluded that it could be triggered only following the consummation of an acquisition. PeopleSoft used six different standard versions of the CAP over the 18-month period commencing June 2003. PeopleSoft ceased using the CAP on December 29, 2004, the date on which we acquired a controlling interest in PeopleSoft. We have concluded that, as of the date of the PeopleSoft acquisition, the penalty provisions under the CAP represented a contingent liability of Oracle. The aggregate potential CAP obligation as of February 28, 2007 was $3.2 billion. Unless the CAP provisions are removed from these licensing arrangements, we do not expect the aggregate potential CAP obligation to decline substantially until fiscal year 2008 when a significant number of these provisions begin to expire. The last CAP obligation will expire on December 31, 2008. We have not recorded a liability related to the CAP, as we do not believe it is probable that our post-acquisition activities related to the PeopleSoft product line will trigger an obligation to make any payment pursuant to the CAP.

In addition, while no assurance can be given as to the ultimate outcome of litigation, we believe we would also have substantial defenses with respect to the legality and enforceability of the CAP contract provisions in response to any claims seeking payment from Oracle under the CAP terms. While we have taken extensive steps to assure customers that we intend to continue developing and supporting the PeopleSoft and JD Edwards product lines and as of the date hereof we have not received any claims for CAP payments, PeopleSoft customers may assert claims for CAP payments in the future.

Charges to earnings resulting from past acquisitions may adversely affect our operating results.

Under purchase accounting, we allocate the total purchase price to an acquired company s net tangible assets, amortizable intangible assets and in-process research and development based on their fair values as of the date of the acquisition and record the excess of the purchase price over

those fair values as goodwill. Management s estimates of fair value are based upon assumptions believed to be reasonable but which are inherently uncertain. Going forward, the following factors could result in material charges that would adversely affect our results:

- impairment of goodwill or intangible assets;

- accrual of newly identified pre-merger contingent liabilities that are identified subsequent to the finalization of the purchase price allocation; and

- charges to income to eliminate certain Oracle pre-merger activities that duplicate those of the acquired company or to reduce our cost structure.

Charges to earnings associated with acquisitions include amortization of intangible assets, in-process research and development as well as other acquisition related charges, restructuring and stock-based compensation associated with assumed stock awards. Charges to earnings in any given period could differ substantially from other periods based on the timing and size of our future acquisitions and the extent of integration activities. See Item 2, Management s Discussion and Analysis of Financial Condition and Results of Operations Supplemental Disclosure Related to Acquisition Accounting in our Quarterly Report on Form 10-Q for the quarterly period ended February 28, 2007 for additional information about charges to earnings associated with our recent acquisitions.

We expect to continue to incur additional costs associated with combining the operations of our previously acquired companies, which may be substantial. Additional costs may include costs of employee redeployment, relocation and retention, including salary increases or bonuses, accelerated amortization of deferred equity compensation and severance payments, reorganization or closure of facilities, taxes and termination of contracts that provide redundant or conflicting services. Some of these costs may have to be accounted for as expenses that would decrease our net income and earnings per share for the periods in which those adjustments are made.

Our international sales and operations subject us to additional risks that can adversely affect our operating results.

We derive a substantial portion of our revenues, and have significant operations, outside of the United States. Our international operations include software development, sales, customer support and shared administrative service centers. We are subject to a variety of risks, including those related to general economic conditions in each country or region, regulatory changes, political unrest, terrorism and the potential for other hostilities and public health risks, particularly in areas in which we have significant operations. We face challenges in managing an organization operating in various countries, which can entail longer payment cycles and difficulties in collecting accounts receivable, overlapping tax regimes, fluctuations in currency exchange rates, difficulties in transferring funds from certain countries and reduced protection for intellectual property rights in some countries. We must comply with a variety of international laws and regulations, including trade restrictions, local labor ordinances, changes in tariff rates and import and export licensing requirements. Our success depends, in part, on our ability to anticipate these risks and manage these difficulties.

We are a majority shareholder of i-flex solutions limited, a publicly traded Indian software company focused on the banking industry. As the majority shareholder of an international entity, we are faced with several additional risks, including being subject to local securities regulations

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and being unable to exert full control or obtain financial and other information on a timely basis.

We may experience foreign currency gains and losses.

We conduct a portion of our business in currencies other than the United States dollar. Our revenues and operating results are adversely affected when the dollar strengthens relative to other currencies and are positively affected when the dollar weakens. Changes in the value of major foreign currencies, particularly the Euro, Japanese Yen and British Pound relative to the United States dollar can significantly affect revenues and our operating results.

Our foreign currency transaction gains and losses, primarily related to sublicense fees and other agreements among us and our subsidiaries and distributors, are charged against earnings in the period incurred. We enter into foreign exchange forward contracts to hedge certain transaction and translation exposures in major currencies, but we will continue to experience foreign currency gains and losses in certain instances where it is not possible or cost effective to hedge foreign currencies.

Oracle On Demand may not be successful.

We offer Oracle On Demand outsourcing services for our applications and database technology, delivered either at Oracle or at a customer designated location. Oracle On Demand also includes several product lines we have acquired. Our Oracle On Demand business model continues to evolve and we may not be able to compete effectively, generate significant revenues or develop Oracle On Demand into a profitable business. We incur expenses associated with the infrastructure and marketing of our Oracle On Demand business in advance of our ability to recognize the revenues associated with our subscription based contracts. This business is subject to a variety of risks including:

- demand for these services may not meet our expectations;
- we may not be able to operate this business at an acceptable profit level;
- we manage critical customer applications, data and other confidential information through Oracle On Demand and thus would face increased exposure to significant damage claims and risk to future business prospects in the event of system failures or inadequate disaster recovery or misappropriation of customer confidential information;
- we may face regulatory exposure in certain areas such as data privacy, data security and export compliance, as well as workforce reduction claims as a result of customers transferring their information technology functions to us;
- the laws and regulations applicable to hosted service providers are unsettled, particularly in the areas of privacy and security and use of offshore resources; changes in these laws could affect our ability to provide services from or to some locations and could increase both the cost and risk associated with providing the services;
- demand for these services may be affected by customer and media concerns about security risks and/or use of outsourced services providers more generally; and
- our Oracle On Demand offerings may require large fixed costs such as for data centers, computers, network infrastructure and security.

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We may be unable to hire enough qualified employees or we may lose key employees.

We rely on the continued service of our senior management, including our Chief Executive Officer, members of our executive team and other key employees and the hiring of new qualified employees. In the software industry, there is substantial and continuous competition for highly skilled business, product development, technical and other personnel. In addition, acquisitions could cause us to lose key personnel of the acquired companies or at Oracle. We may experience increased compensation costs that are not offset by either improved productivity or higher prices. We may not be successful in recruiting new personnel and in retaining and motivating existing personnel. With rare exceptions, we do not have long-term employment or non-competition agreements with our employees. Members of our senior management team have left Oracle over the years for a variety of reasons, and we cannot assure you that there will not be additional departures, which may be disruptive to our operations.

Part of our total compensation program includes stock options. Stock options are an important tool in attracting and retaining employees in our industry. If our stock price performs poorly it may adversely affect our ability to retain or attract employees. In addition, because we now expense all stock based compensation, we may in the future change our stock-based and other compensation practices. Some of the changes we are considering include the reduction in the number of employees granted options, a reduction in the number of options granted and a change to alternative forms of stock-based compensation. Any changes in our compensation practices or changes made by competitors could affect our ability to retain and motivate existing personnel and recruit new personnel.

We might experience significant errors or security flaws in our products and services.

Despite testing prior to their release, software products frequently contain errors or security flaws, especially when first introduced or when new versions are released. The detection and correction of any security flaws can be time consuming and costly. Errors in our software products could affect the ability of our products to work with other hardware or software products, could delay the development or release of new products or new versions of products and could adversely affect market acceptance of our products. If we experience errors or delays in releasing new products or new versions of products, we could lose revenues. In addition, we run our own business operations, Oracle On Demand, and other outsourcing, support and consulting services, on our products and networks and any security flaws, if exploited, could affect our ability to conduct business operations. End users, who rely on our products and services for applications that are critical to their businesses, may have a greater sensitivity to product errors and security vulnerabilities than customers for software products generally. Software product errors and security flaws in our products or services could expose us to product liability, performance and/or warranty claims as well as harm our reputation, which could impact our future sales of products and services. In addition, we may be legally required to publicly report security breaches of our services, which could significantly impact future business prospects for those services.

We may not receive significant revenues from our current research and development efforts for several years, if at all.

Developing and localizing software is expensive and the investment in product development often involves a long payback cycle. We have and expect to continue making significant

investments in software research and development and related product opportunities. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development that could adversely affect our operating results if not offset by revenue increases. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, we do not expect to receive significant revenues from these investments for several years if at all.

Our sales to government clients subject us to risks including early termination, audits, investigations, sanctions and penalties.

We derive revenues from contracts with the United States government, state and local governments and their respective agencies, who may terminate most of these contracts at any time, without cause.

There is increased pressure for governments and their agencies, both domestically and internationally, to reduce spending. Our federal government contracts are subject to the approval of appropriations being made by the United States Congress to fund the expenditures under these contracts. Similarly, our contracts at the state and local levels are subject to government funding authorizations.

Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

Business disruptions could affect our operating results.

A significant portion of our research and development activities and certain other critical business operations is concentrated in a few geographic areas. We are a highly automated business and a disruption or failure of our systems could cause delays in completing sales and providing services, including some of our On Demand offerings. A major earthquake, fire or other catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could severely affect our ability to conduct normal business operations and as a result our future operating results could be materially and adversely affected.

We may have exposure to additional tax liabilities.

As a multinational corporation, we are subject to income taxes as well as non-income based taxes, in both the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities.

In the ordinary course of a global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities. Our intercompany transfer pricing is currently being reviewed by the IRS and by foreign tax jurisdictions and will likely be subject to additional audits in the future. We previously negotiated three unilateral Advance Pricing Agreements with the IRS that cover many of our intercompany transfer pricing issues and preclude the IRS from making a transfer pricing adjustment within the scope of these agreements. However, these agreements, which are

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effective for fiscal years through May 31, 2006, do not cover all elements of our transfer pricing and do not bind tax authorities outside the United States. We have finalized one bilateral Advance Pricing Agreement and currently are negotiating an additional bilateral agreement to cover the period from June 1, 2001 through May 31, 2008. There can be no guarantee that such negotiations will result in an agreement.

Although we believe that our tax estimates are reasonable, we cannot assure you that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals.

We are also subject to non-income taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and various foreign jurisdictions. We are regularly under audit by tax authorities with respect to these non-income taxes and may have exposure to additional non-income tax liabilities. Our acquisition activities have increased our non-income tax exposures.

Adverse litigation results could affect our business.

We are subject to various legal proceedings. Litigation can be lengthy, expensive, disruptive to our operations and results cannot be predicted with certainty. An adverse decision could result in monetary damages or injunctive relief that could affect our business, operating results or financial condition. Additional information regarding certain of the lawsuits we are involved in is discussed under Note 16 in our Notes to Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the quarterly period ended February 28, 2007.

Our stock price and the price of the Notes could become more volatile and your investment could lose value.

All of the factors discussed in this section could affect our stock price and the price of the Notes. The timing of announcements in the public market regarding new products, product enhancements or technological advances by our competitors or us, and any announcements by us of acquisitions, major transactions, or management changes could also affect our stock price and the price of the Notes. Our stock price and the price of the Notes are subject to speculation in the press and the analyst community, changes in recommendations or earnings estimates by financial analysts, changes in investors or analysts valuation measures for our stock, our credit ratings and market trends unrelated to our performance. A significant drop in our stock price and the price of the Notes could also expose us to the risk of securities class actions lawsuits, which could result in substantial costs and divert management s attention and resources, which could adversely affect our business.

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Use of proceeds

We estimate that the net proceeds from this offering will be approximately $1,997,179,000 after deducting underwriting discounts and commissions and our estimated offering expenses. We will use the net proceeds to fund the redemption on May 30, 2007, of the Existing Floating Rate Notes. We intend to use the remaining net proceeds for general corporate purposes, which may include stock repurchases, repayment of other indebtedness (such as the Commercial Paper Notes) and future acquisitions.

The Existing Floating Rate Notes bear interest at a rate equal to USD LIBOR plus 0.23% per year and mature on January 13, 2009. As of February 28, 2007, the effective interest rate on the Existing Floating Rate Notes was 5.59%. The Commercial Paper Notes were issued on April 11 and 12, 2007. The maturities of the Commercial Paper Notes are between two weeks and three months, with approximately 93% of the Commercial Paper Notes having maturities of one month, two months or three months. The weighted average yield of the Commercial Paper Notes, including issuance costs, is 5.328%. Proceeds from the issuance of Commercial Paper Notes were used primarily to finance a portion of our acquisition of Hyperion Solutions Corporation completed on April 19, 2007.

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Capitalization

The following table sets forth a summary of Oracle s consolidated capitalization on an actual and as adjusted basis as of February 28, 2007. Our consolidated capitalization, as adjusted, gives effect to the issuance of the Notes offered hereby and the redemption of the Existing Floating Rate Notes, but does not reflect the $1.7 billion of Commercial Paper Notes we issued in April 2007.

	February 28, 2007	
(In millions)	Actual	As Adjusted
Long-term debt:		
2009 Notes offered hereby	$	$ 1,000
2010 Notes offered hereby		1,000
Existing Floating Rate Notes	1,500	
5.00% Senior Notes due 2011(1)	2,244	2,244
5.25% Senior Notes due 2016(1)	1,990	1,990
Other long-term debt	2	2
Total long-term debt, including current portion	5,736	6,236
Stockholders equity:		
Preferred stock, $0.01 par value authorized: 1.0 shares; outstanding: none		
Common stock, $0.01 par value and additional paid in capital authorized: 11,000 shares; outstanding: 5,136 shares at February 28, 2007	10,004	10,004
Retained earnings	5,511	5,511
Accumulated other comprehensive income	276	276
Total stockholders equity	15,791	15,791
Total capitalization	$ 21,527	$ 22,027

(1) Balances reflect the principal amounts of the notes, net of unamortized issue discounts of $6 million and $10 million for the 2011 Senior Notes and 2016 Senior Notes, respectively.

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Description of notes

The summary herein of certain provisions of the indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the indenture, a form of which is available upon request from us.

General

The 2009 Notes will mature on May 14, 2009 and the 2010 Notes will mature on May 14, 2010. Interest on each series of Notes will accrue from May 15, 2007, or from the most recent interest payment date on which interest has been paid or provided for, and will be payable quarterly on February 14, May 14, August 14 and November 14, beginning on August 14, 2007. All payments of interest will be made to the persons in whose names the Notes are registered at the close of business on the business day preceding the interest payment date. Interest on the Notes will be calculated on the basis of the actual number of days in an interest period and a 360-day year.

The Notes will be issued under an indenture dated January 13, 2006, by and among Oracle Corporation (formerly known as Ozark Holding Inc.), Oracle Systems Corporation (formerly known as Oracle Corporation) and Citibank, N.A., as amended by a supplemental indenture dated as of May 9, 2007 by and among Oracle Corporation, Citibank, N.A. and The Bank of New York Trust Company, N.A., and as may be further supplemented from time to time. Citibank, N.A. is the trustee for all securities issued under the indenture prior to May 9, 2007, including the Existing Floating Rate Notes, and The Bank of New York Trust Company, N.A. is the trustee for any and all securities issued thereunder on or after May 9, 2007, including the Notes. The Bank of New York Trust Company, N.A. is referred to herein as the trustee. In accordance with the terms of the indenture, Oracle Systems Corporation is no longer an obligor under the indenture and will not be an obligor on the Notes. Oracle Corporation will be the sole obligor on the Notes.

The indenture does not limit the ability of Oracle Corporation to incur additional unsecured indebtedness. The Notes will be the unsecured and unsubordinated obligations of Oracle Corporation and will rank *pari passu* with its other unsecured and unsubordinated indebtedness. The Notes will be effectively subordinated to all indebtedness and liabilities (including trade payables and preferred stock obligations) of Oracle Corporation s subsidiaries and will be effectively subordinated to its secured indebtedness, if any, and that of its subsidiaries, if any. As of February 28, 2007, Oracle had approximately $13.6 billion of total liabilities on a consolidated basis, including $5.7 billion of senior notes and $5 million of capital leases outstanding. Of this amount, subsidiaries of Oracle Corporation had approximately $6.8 billion of liabilities (including trade payables). The Notes will be effectively subordinated to all such liabilities of Oracle Corporation s subsidiaries, and the rights of creditors of such subsidiaries shall have priority over the rights of the holders of the Notes as creditors of Oracle Corporation. In addition, in April 2007, Oracle Corporation issued $1.7 billion of Commercial Paper Notes, which rank *pari passu* with the Existing Floating Rate Notes and will rank *pari passu* with the 2009 Notes and 2010 Notes.

The Notes will be issued in book-entry form only in denominations of $2,000 and multiples of $1,000 thereafter.

Interest rate determination for the notes

The Notes will bear interest for each interest period at a rate determined by the calculation agent. The calculation agent is The Bank of New York Trust Company, N.A., until such time as

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Oracle Corporation appoints a successor calculation agent. The interest rate on the 2009 Notes for a particular interest period will be a per annum rate equal to three-month USD LIBOR as determined on the interest determination date plus 0.02%. The interest rate on the 2010 Notes for a particular interest period will be a per annum rate equal to three-month USD LIBOR as determined on the interest determination date plus 0.06%. The interest determination date for an interest period will be the second London business day preceding such interest period. Promptly upon determination, the calculation agent will inform the trustee and Oracle Corporation of the interest rate for the next interest period for each series of Notes. Absent manifest error, the determination of the interest rate by the calculation agent shall be binding and conclusive on the holders of Notes, the trustee and Oracle Corporation.

A London business day is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

On any interest determination date, USD LIBOR will be equal to the offered rate for deposits in U.S. dollars having an index maturity of three months, in amounts of at least $1,000,000, as such rate appears on Reuters Page LIBOR01 at approximately 11:00 a.m., London time, on such interest determination date. If, on an interest determination date, such rate does not appear on the Reuters Page LIBOR01 as of 11:00 a.m. (London time), or if the Reuters Page LIBOR01 is not available on such date, the calculation agent will obtain such rate from Bloomberg L.P. s page BBAM.

If no offered rate appears on Reuters Page LIBOR01 or Bloomberg L.P. page BBAM on an interest determination date at approximately 11:00 a.m., London time, then the calculation agent (after consultation with Oracle Corporation) will select four major banks in the London interbank market and shall request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least $1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time, that is representative of single transactions at that time. If at least two quotations are provided, USD LIBOR will be the arithmetic average of the quotations provided. Otherwise, the calculation agent will select three major banks in New York City and shall request each of them to provide a quotation of the rate offered by them at approximately 11:00 a.m., New York City time, on the interest determination date for loans in U.S. dollars to leading European banks having an index maturity of three months for the applicable interest period in an amount of at least $1,000,000 that is representative of single transactions at that time. If three quotations are provided, USD LIBOR will be the arithmetic average of the quotations provided. Otherwise, the rate of USD LIBOR for the next interest period will be set equal to the rate of USD LIBOR for the then current interest period.

Upon request from any noteholder, the calculation agent will provide the interest rate in effect on the relevant series of Notes, for the current interest period and, if it has been determined, the interest rate to be in effect for the next interest period.

Dollar amounts resulting from such calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

Interest on each series of Notes will accrue from May 15, 2007, or from the most recent interest payment date to which interest has been paid or provided for; provided, that if an interest payment date for the Notes falls on a day that is not a business day the interest payment date shall be postponed to the next succeeding business day, unless such next succeeding business day would be in the following month, in which case the interest payment date shall be the immediately preceding business day. Interest on the Notes will be paid to but excluding the

relevant interest payment date. Oracle Corporation will make interest payments on the Notes quarterly in arrears on February 14, May 14, August 14 and November 14 of each year, beginning on August 14, 2007. All payments of interest will be made to the persons in whose names the Notes are registered at the close of business on the business day preceding the interest payment date for the Notes. Interest on the Notes will be calculated on the basis of the actual number of days in an interest period and a 360-day year.

Issuance of additional notes

Oracle Corporation may, without the consent of the holders, increase the principal amount of either series of Notes by issuing additional Notes of such series in the future on the same terms and conditions, except for any differences in the issue price and interest accrued prior to the issue date of the additional Notes. The additional Notes of a series may have the same CUSIP number as the applicable series of Notes. Under the indenture, each series of Notes and any additional Notes of such series Oracle Corporation may issue will be treated as a single series for all purposes under the indenture, including for purposes of determining whether the required percentage of the holders of record has given approval or consent to an amendment or waiver or joined in directing the trustee to take certain actions on behalf of all holders.

Oracle Corporation also may, without the consent of the holders, issue other series of debt securities under the indenture in the future on terms and conditions different from the series of Notes offered hereby.

No sinking fund; no optional redemption

The Notes will not be entitled to any sinking fund. The Notes will not be redeemable by Oracle Corporation prior to maturity.

Book-entry; delivery and form; global note

The Notes of each series sold in the United States will be issued in the form of one or more fully registered global notes without interest coupons which will be deposited with, or on behalf of, The Depository Trust Company (DTC), New York, New York, and registered in the name of Cede & Co., as nominee of DTC, for the accounts of participants in DTC. Unless and until exchanged, in whole or in part, for Notes in definitive registered form, a global note may not be transferred except as a whole (i) by the depositary for such global note to a nominee of such depositary, (ii) by a nominee of such depositary to such depositary or another nominee of such depositary or (iii) by such depositary or any such nominee to a successor of such depositary or a nominee of such successor.

Ownership of beneficial interests in a registered global note will be limited to persons, called participants, that have accounts with the depositary (currently DTC) or persons that may hold interests through participants in DTC. Investors may hold their interests in a global note directly through Euroclear Bank S.A./N.V., as operator of the Euroclear System (Euroclear) and Clearstream Banking, *société anonyme* (Clearstream), if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in a global note on behalf of their participants through their respective depositaries, which in turn will hold such interests in the global note in customers securities accounts in the depositaries names on the books of DTC.

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Upon transfer of a definitive note, the definitive note will be exchanged for an interest in a global note, and the transferee will be required to hold its interest through a participant in DTC, Euroclear or Clearstream, as applicable.

Upon the issuance of a registered global note, the depositary will credit, on its book-entry registration and transfer system, the participants accounts with the respective principal or face amounts of the relevant series of Notes beneficially owned by the participants. Any dealers, underwriters or agents participating in the distribution of the Notes will designate the accounts to be credited. Ownership of beneficial interests in a registered global note will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depositary, with respect to interests of participants, and on the records of participants, with respect to interests of persons holding through participants.

So long as the depositary, or its nominee, is the registered owner of a registered global note, that depositary or its nominee, as the case may be, will be considered the sole owner or holder of the relevant series of Notes represented by the registered global note for all purposes under the indenture. Except as described below, owners of beneficial interests in a registered global note will not be entitled to have the Notes represented by the registered global note registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or holders of the Notes under the indenture. Accordingly, each person owning a beneficial interest in a registered global note must rely on the procedures of the depositary for that registered global note and, if that person is not a participant, on the procedures of the participant through which the person owns its interest, to exercise any rights of a holder under the indenture. The laws of some states may require that some purchasers of Notes take physical delivery of these Notes in definitive form. Such laws may impair the ability to transfer beneficial interests in a global note.

To facilitate subsequent transfers, all Notes deposited by participants with DTC will be registered in the name of DTC s nominee, Cede & Co. The deposit of the Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC will have no knowledge of the actual beneficial owners of the Notes. DTC s records reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Oracle Corporation will make payments due on the Notes to Cede & Co., as nominee of DTC, in immediately available funds. DTC s practice upon receipt of any payment of principal, premium, interest or other distribution of underlying securities or other property to holders on that registered global note, is to immediately credit participants accounts in amounts proportionate to their respective beneficial interests in that registered global note as shown on the records of the depositary. Payments by participants to owners of beneficial interests in a registered global note held through participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of those participants. Payment to Cede & Co. is the responsibility of Oracle Corporation. Disbursement of such payments to direct participants is the responsibility of Cede & Co. Disbursement of such payments to the beneficial owners is the responsibility of direct and indirect participants. None of Oracle Corporation, the trustee or any other agent of ours or any agent of the trustee will have any responsibility or liability for any aspect of the records relating to payments made on account of beneficial

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ownership interests in the registered global note or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures. If a holder requires physical delivery of a definitive note for any reason, including to sell Notes to persons in jurisdictions that require such delivery of such Notes or to pledge such Notes, such holder must transfer its interest in the relevant global note in accordance with the normal procedures of DTC and the procedures set forth in the indenture.

Cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected by DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of the time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in the global note from a DTC participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and such credit of any transaction s interests in the global note settled during such processing day will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the DTC settlement date, but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

Oracle Corporation expects that DTC will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the DTC interests in a global note are credited and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the Notes, DTC will exchange each global note for definitive notes, which it will distribute to its participants.

Although Oracle Corporation expects that DTC, Euroclear and Clearstream will agree to the foregoing procedures in order to facilitate transfers of interests in each global note among participants of DTC, Euroclear and Clearstream, DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither Oracle Corporation nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

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If the depositary for any of the Notes represented by a registered global note is at any time unwilling or unable to continue as depositary or ceases to be a clearing agency registered under the Exchange Act, and a successor depositary registered as a clearing agency under the Exchange Act is not appointed by Oracle Corporation within 90 days, Oracle Corporation will issue Notes in definitive form in exchange for the registered global note that had been held by the depositary. Any Notes issued in definitive form in exchange for a registered global note will be registered in the name or names that the depositary gives to the trustee or other relevant agent of or the trustee. It is expected that the depositary s instructions will be based upon directions received by the depositary from participants with respect to ownership of beneficial interests in the registered global note that had been held by the depositary. In addition, Oracle Corporation may at any time determine that the Notes of either series shall no longer be represented by a global note and will issue Notes in definitive form in exchange for such global note pursuant to the procedure described above.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions, such as transfers and pledges, among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC s participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom own DTC. Access to DTC s book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission (the SEC).

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

The information in this section concerning DTC and DTC s book-entry system, as well as information regarding Euroclear and Clearstream, has been obtained from sources that Oracle Corporation believes to be reliable, but Oracle Corporation takes no responsibility for its accuracy or completeness. Oracle Corporation assumes no responsibility for the performance by DTC, Euroclear, Clearstream or their respective participants of their respective obligations, including obligations that they have under the rules and procedures that govern their operations.

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Ratings

Moody s Investor Service, Inc., Standard and Poor s Rating Services and Fitch Ratings currently rate Oracle Corporation s long-term debt A2, A and A, respectively.

Moody s Investor Service, Inc. assigns a long-term debt rating of A to corporate obligations considered upper-medium grade and subject to low credit risk. Moody s appends the numerical modifier 2 to indicate a mid-rage ranking within the A rating classification.

Standard and Poor s Rating Services assigns a debt rating of A where the obligor s capacity to meet its financial obligation is deemed to be strong. S&P considers obligations rated A to be somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations rated AA or AAA, where the obligors capacity to meet their obligations are considered very strong and extremely strong, respectively.

A rating of A from Fitch Ratings denotes high credit quality and expectations of low credit risk. Fitch considers the capacity for payment of financial commitments with this rating to be strong, although it may be more vulnerable to changes in circumstances or economic conditions than is the case for ratings of AA or AAA, which denote very high credit quality and highest credit quality, respectively.

Notices

Notices to holders of the Notes will be made by first class mail, postage prepaid, to the addresses that appear on the security register of the Notes.

Concerning our relationship with the trustee

Oracle Corporation maintains ordinary banking relationships and credit facilities with The Bank of New York, an affiliate of the trustee.

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Material U.S. federal income tax consequences

In the opinion of Davis Polk & Wardwell, the following are the material U.S. federal income tax consequences of ownership and disposition of the Notes. This discussion only applies to Notes that meet all of the following conditions:

- they are purchased by those initial holders who purchase Notes at the issue price, which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money; and

- they are held as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to holders in light of their particular circumstances or to holders subject to special rules, such as:

- tax-exempt organizations;

- regulated investment companies;

- real estate investment trusts;

- traders in securities that elect the mark-to-market method of accounting for their securities;

- certain former citizens and long-term residents of the United States;

- certain financial institutions;

- insurance companies;

- dealers in securities or foreign currencies;

- persons holding Notes as part of a hedge, straddle or other integrated transaction for U.S. federal income tax purposes, or persons deemed to sell the Notes under the constructive sale provisions of the Internal Revenue Code;

- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;

- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or

persons subject to the alternative minimum tax.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the Code), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein. Persons considering the purchase of Notes are urged to consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Tax consequences to U.S. holders

As used herein, the term U.S. Holder means a beneficial owner of a Note that is for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

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- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof; or

- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Payments of interest

The Notes will be issued without original issue discount for U.S. federal income tax purposes. Accordingly, interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the holder s method of accounting for federal income tax purposes.

Sale, exchange, retirement or other disposition of the Notes

Upon the sale, exchange, retirement or other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other taxable disposition and the holder s adjusted tax basis in the Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under Payments of Interest above.

Gain or loss realized on the sale, exchange, retirement or other taxable disposition of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, retirement or other taxable disposition the Note has been held by the holder for more than one year. The deductibility of capital losses is subject to limitations.

Backup withholding and information reporting

Information returns will be filed with the Internal Revenue Service in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder will be subject to U.S. backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder s U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

Tax consequences to non-U.S. holders

As used herein, the term Non-U.S. Holder means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- an individual who is classified as a nonresident for U.S. federal income tax purposes;
- a foreign corporation; or
- a foreign estate or trust.

Non-U.S. Holder does not include a holder who is an individual present in the United States for 183 days or more in the taxable year of disposition of a Note and who is not otherwise a resident

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of the United States for U.S. federal income tax purposes. Such a holder is urged to consult his or her own tax advisor regarding the U.S. federal income tax consequences of the sale, exchange, or other disposition of a Note.

Payments on the Notes

Subject to the discussion below concerning backup withholding, payments of principal, interest and premium on the Notes by Oracle Corporation or any paying agent to any Non-U.S. Holder will not be subject to U.S. federal withholding tax, provided that, in the case of interest,

the holder does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of stock of Oracle Corporation entitled to vote and is not a controlled foreign corporation related, directly or indirectly, to Oracle Corporation through stock ownership is not a bank whose receipt of interest on the Notes is described in Section 88(1)(c)(3)(A) of the Code; and

the certification requirement described below has been fulfilled with respect to the beneficial owner, as discussed below.

If a Non-U.S. Holder cannot satisfy the requirements described above, payments of interest on the Notes to such Non-U.S. Holder will be subject to a 30% U.S. federal withholding tax, unless the Non-U.S. Holder provides Oracle Corporation with a properly executed Internal Revenue Service Form W-8BEN claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty.

Certification requirement

Interest on a Note will not be exempt from withholding tax unless the beneficial owner of that Note certifies on Internal Revenue Service Form W-8BEN, under penalties of perjury, that it is not a United States person (as defined in the Code). Special certification rules apply to Notes that are held through foreign intermediaries.

If a Non-U.S. Holder of a Note is engaged in a trade or business in the United States, and if interest on the Note is effectively connected with the conduct of this trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraphs, will generally be taxed in the same manner as a U.S. Holder (see Tax Consequences to U.S. Holders above), subject to an applicable income tax treaty providing otherwise, except that the holder will be required to provide to Oracle Corporation a properly executed Internal Revenue Service Form W-8ECI in order to claim an exemption from withholding tax. These holders should consult their own tax advisors with respect to other U.S. tax consequences of the ownership and disposition of Notes, including the possible imposition of a branch profits tax at a rate of 30% (or a lower treaty rate).

Sale, exchange or other disposition of the Notes

Subject to the discussion below concerning backup withholding, a Non-U.S. Holder of a Note will not be subject to U.S. federal income tax on gain realized on the sale, exchange or other disposition of such Note, unless the gain is effectively connected with the conduct by the holder of a trade or business in the United States, subject to an applicable income tax treaty providing otherwise.

QoQ YoY Adjusted
1H08
Pro forma Adjusted
1H09 YoY

EBITDA (R$ Mn)

2,638 2,389 2,459 2.9% -6.8% 5,244 4,848 -7.6%

Margin %

35.4% 32.0% 33.8% 1.8 p.p. -1.6 p.p. 35.7% 32.9% -2.8 p.p.

BrTP Consolidated

Adjusted
2Q08 Adjusted
1Q09 Adusted
2Q09 QoQ YoY Adjusted
1H08 Adjusted
1H09 YoY

EBITDA (R$ Mn)

1,007 910 1,030 13.2% 2.3% 1,962 1,940 -1.1%

Margin %

35.2% 32.9% 38.9% 6.0 p.p. 3.7 p.p. 34.7% 35.8% 1.1 p.p.

BrTO Consolidated

Adjusted
2Q08 Adjusted
1Q09 Adusted
2Q09 QoQ YoY Adjusted
1H08 Adjusted
1H09 YoY

EBITDA (R$ Mn)

981 917 1,033 12.6% 5.3% 1,927 1,951 1.2%

Margin %

34.3% 33.1% 39.0% 5.9 p.p. 4.7 p.p. 34.1% 36.0% 1.9 p.p.

* The pro-forma consolidation was made from Invitel consolidated, the parent company of BrTP.

Consolidated adjusted EBITDA totaled R$2,449 million, 6.6% less compared with the pro-forma consolidated EBITDA for 2Q08 and 3.0% higher than that in the previous quarter. The year-over-year decrease was mainly a result of higher costs due to the São Paulo start-up and to the standardization of the accounting policies at Oi and BrT. These items did not exist last year. Excluding such effects, EBITDA would have remained stable compared with 2Q08.

TNL PCS (Oi Mobile) reported a R$399 million EBITDA, an amount that includes non-recurring (and non-cash) items of R$60 million, related to the end of the post paid handset subsidies. Still, this is R$109 million higher than the amount recorded in the previous quarter due to growth in revenue generated by the increase in the user base combined with stable costs. However, there was a year-over-year reduction stemming from the São Paulo start-up and the end of the deferral of subsidies on post-paid handsets (retail). Excluding these effects, EBITDA would have reached R$556 million (32.6% margin), equaling 13.9% growth.

Net Financial Income (Expenses):

Consolidated net financial expenses amounted to R$496 million in 2Q09, representing a R$134 million decrease in the quarter. However, it rose by R$427 million compared with 2Q08. In the quarter, the result was influenced mainly by a foreign exchange gain over not hedged debt, given the real appreciation versus the U.S. dollar (15.7%) and the Japanese Yen (13.2%). Compared with 2Q08, growth occurred due to a greater average debt volume, combined with higher borrowing costs in the Brazilian market since 3Q08.

Table 6 Net Financial Income (Expenses)

	Quarter			Half-Year	
R$ Million	**2Q08 Pro forma**	**1Q09**	**2Q09**	**1H08 Pro forma**	**1H09**
Financial Income	**420**	**407**	**455**	**892**	**862**
Interest on financial investments	245	205	206	485	411
Other financial income	175	203	248	407	451
Financial Expenses	**(490)**	**(1,037)**	**(951)**	**(1,130)**	**(1,988)**
Interest on loans and financing	**(317)**	**(625)**	**(650)**	**(597)**	**(1,275)**
Foreign exchange effect on loans and financing	**94**	**(85)**	**10**	**(15)**	**(75)**
Monetary and Exchange Variations	387	184	795	243	979
Currency Swap Results	(293)	(269)	(785)	(259)	(1,054)
Other Financial Expenses	**(267)**	**(328)**	**(310)**	**(518)**	**(638)**
Banking Fees (including CPMF)	(30)	(47)	(57)	(64)	(104)
Monetary restatement of provisions for contingencies	(102)	(125)	(109)	(195)	(234)
IOF, PIS and Cofins taxes on financial income	(22)	(15)	(8)	(43)	(23)
Others	(112)	(141)	(136)	(215)	(277)
Net Financial Income (Expenses)	**(69)**	**(630)**	**(496)**	**(237)**	**(1,126)**

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* The pro-forma consolidation was made from Invitel consolidated, the parent company of BrTP.

Depreciation/Amortization:

Depreciation and amortization in the wireline segment climbed 14.9% and 17.4% from 1Q09 and 2Q08, respectively. The increase in amortization resulted mainly from the reassessment of BrTP s shareholders equity at market prices. The preliminary report defined that part of the premium was based on goodwill,

therefore without amortization. According to new analyses, this should represent a concession surplus for the rendering of telephony services, thus amortized over 17 years, as stableshed by the corporate and fiscal legislation. This revaluation led to the recording of past amounts.

Depreciation in the wireless segment rose 14.2% compared with 2Q08 due to higher investments made since 2008 for the start-up in São Paulo and the beginning of amortization of 2G and 3G licenses.

Table 7 Depreciation and Amortization

	Quarter					Half-Year		
R$ million	**2Q08 Pro forma***	**1Q09**	**2Q09**	**QoQ (%)**	**YoY (%)**	**1H08 Pro forma**	**1H09**	**YoY (%)**
Fixed Line / TNL	**914**	**934**	**1,073**	**14.9**	**17.4**	**1,818**	**2,007**	**10.4**
Depreciation	807	868	855	-1.5	5.9	1,690	1,723	2.0
Amortization of Goodwill	107	67	218	225.4	103.7	128	284	121.9
Mobile Business	**332**	**372**	**379**	**1.9**	**14.2**	**618**	**751**	**21.5**
Depreciation	235	293	301	2.7	28.1	440	594	35.0
License/Deferred Amortization	97	78	78	0.0	-19.6	178	157	-11.8
Total	**1,246**	**1,306**	**1,452**	**11.2**	**16.5**	**2,436**	**2,758**	**13.2**

* The pro-forma consolidation was made from Invitel consolidated, the parent company of BrTP.

Net Earnings:

The company recorded net losses earnings in the amount of R$146 million in 2Q09. This result was hit mainly by temporary fiscal effects due to amortizations of the goodwill generated by the acquisition of BrT, which was caused by our corporate ownership structure then. This distortion will disappear when BrT s corporate structure is streamlined, in accordance with the Material Fact of July 15, 2009.

Table 8 Net Earnings

	Quarter					Half-Year		
TNL	**2Q08 Pro Forma**	**1Q09**	**2Q09**	**QoQ**	**YoY**	**1H08 Pro forma**	**1H09**	**YoY**
Net Earnings (R$ Mn)	288	11	-146	-1427.3%	-150.7%	852	-135	-115.8%
Net Margin	3.9%	0.1%	-2.0%	-2.1p.p.	-5.9p.p.	5.8%	-0.9%	-6.7p.p.
Earnings per Share (R$)	0.755	0.028	-0.382	-1464.3%	-150.6%	2.230	-0.353	-115.8%
Earnings per ADR (US$)	0.435	0.016	-0.184	-1250.0%	-142.3%	1.315	-0.161	-112.2%
TMAR	**2Q08 Pro Forma**	**1Q09**	**2Q09**	**QoQ**	**YoY**	**1H08 Pro forma**	**1H09**	**YoY**
Net Earnings (R$ Mn)	411	2	-178	-9000.0%	-143.3%	1,043	-175	-116.8%
Net Margin	5.5%	0.0%	-2.4%	-2.4p.p.	-7.9p.p.	7.1%	-1.2%	-8.3p.p.
Earnings per Share (R$)	1.725	0.010	-0.745	-7550.0%	-143.2%	4.376	-0.735	-116.8%
BrTP	**2Q08**	**1Q09**	**2Q09**	**QoQ**	**YoY**	**1H08**	**1H09**	**YoY**
Net Earnings (R$ Mn)	268	-23	-449	-1852.2%	-267.5%	518	-473	-191.3%
Net Margin	9.4%	-0.8%	-17.0%	-16.2p.p.	-26.4p.p.	9.2%	-8.7%	-17.9p.p.
BrTO	**2Q08**	**1Q09**	**2Q09**	**QoQ**	**YoY**	**1H08**	**1H09**	**YoY**
Net Earnings (R$ Mn)	321	-80	-722	-802.5%	-324.9%	645	-802	-224.3%

Net Margin	11.2%	-2.9%	-27.3%	-24.4p.p.	-38.5p.p.	11.4%	-14.8%	-26.2p.p.

* The pro-forma consolidation was made from Invitel consolidated, the parent company of BrTP.

4) Debt and Capital Expenditure:

4.1) Debt:

Consolidated net debt rose by R$2,442 million in 2Q09 to end the quarter at R$21,638 million, or 2.2x adjusted EBITDA in the last 12 months. This growth results from a cash disbursement made during the quarter for the payment of ON shares acquired in the Mandatory Tender Offer taken place on June 23, 2009, which led to a total payment of R$2,656 million to minority shareholders of Brasil Telecom.

Debt borrowed in foreign currencies and swaps accounted for 21.6% of total debt at the end of June 2009. However, at the end of the quarter the company s consolidated exposure to foreign exchange was 1.7% of total gross debt, equaling US$225 million, or R$498 million in June 2009, due to hedging operations. We note that debt payments through February 2011 are covered by hedging contracts and a cash balance kept in dollars.

The average cost of debt in the second quarter 2009 equaled 115% of the CDI interbank rate for local currency debt and USD Libor + 5% p.a. for debt in foreign currencies. For the quarter, however, the effective debt cost including hedging operations was 11.45% p.a., equating to 105% of the CDI rate. In the quarter, debt costs were influenced by the real rising against other currencies, which contributed to reduce the cost of debt that was still exposed to foreign exchange variation. The reduction in interest rates in 2009 also had a positive impact on debt costs, provided that after hedging operations much of the debt was linked to floating rates (about 97% of total debt).

Table 9 - Debt - TNL Consolidated*

R$ million	Jun/08	Mar/09	Jun/09	% Gross Debt
Short Term	2,186	5,919	6,760	22.8%
Long Term	10,966	19,952	22,847	77.2%
Total Debt	**13,152**	**25,872**	**29,607**	**100.0%**
In Local Currency	9,535	21,127	23,198	78.4%
In Foreign Currency	2,452	4,053	5,152	17.4%
Swaps	1,166	692	1,256	4.2%
(-) Cash and ST investments	**(7,430)**	**(6,676)**	**(7,968)**	**26.9%**
(=) Net Debt	**5,723**	**19,196**	**21,638**	**73.1%**

* Data for June 2008 does not include the consolidation of BrT

Table 10 - Debt - TMAR Consolidated*

R$ million	Jun/08	Mar/09	Jun/09	% Gross Debt
Short Term	1,570	5,560	6,404	21.7%
Long Term	10,305	20,201	23,165	78.3%
Total Debt	**11,875**	**25,761**	**29,569**	**100.0%**
In Local Currency	9,535	21,790	24,916	84.3%
In Foreign Currency	1,633	3,458	3,613	12.2%
Swaps	707	514	1,040	3.5%
(-) Cash and ST investments	**(6,657)**	**(6,137)**	**(7,523)**	**25.4%**
(=) Net Debt	**5,218**	**19,624**	**22,046**	**74.6%**

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* Data for June 2008 does not include the consolidation of BrT

Table 11 - Debt - BrTP Consolidated