



Financial News Details

Oracle Net Income Up 16%, Earnings per Share \$0.10; Application Sales Up 25%, Database Sales Up 6%

March 15, 2001

3,000 Customers Implementing 11i E-business Suite

REDWOOD SHORES, Calif. 15-MAR-2001 06:00 AM Today, Oracle Corporation announced that third quarter income increased 16% to \$583 million or \$0.10 per share, while revenue grew to \$2.7 billion. This compares to \$2.4 billion in revenue, \$503 million in net income, and \$0.08 per share in Q3 last year, excluding extraordinary investment gains. Application software sales increased 25% to \$249 million while database software sales grew 6% to \$823 million. Service revenue increased 12% to \$1.5 billion for the quarter.

Oracle has over 3,000 customers in the process of implementing the 11i E-business suite. More than 210 of those customers have already gone live on 11i applications including JDS Uniphase, TeliaNet, Compaq, Fosters Brewing Company, and Westpac. This past quarter, hundreds of additional companies have committed to the E-business Suite including Healthsouth, Cisco Systems, Qwest Communications, Americredit, CIENA, and McGraw-Hill Education.

"Rapid application implementation is the key to customers getting a quick return on their software investment," said Oracle CEO Larry Ellison. "Oracle applications are ideally suited for rapid implementations because our E-business suite is complete and integrated -- no application customizations are required. Customers can begin selling more with our Global CRM in 90 days, and spending less with our Internet Procurement in 30 days. No other applications can be implemented so quickly and inexpensively. Rapid application implementation is important in this economic climate because companies focus on projects with a rapid ROI."

"The U.S. economic downturn over the past several months clearly affected our revenue and profit growth more than we anticipated, due to a sharp downturn in completed transactions in the last few days of the quarter, and the current economic uncertainty continues to limit our visibility going forward," said Oracle CFO Jeffrey O. Henley. "However, we are proud of our ability to achieve 33% operating margins in the quarter, resulting in a 2 percentage point improvement compared to last year. Our ongoing efforts to improve our cost structure over the past two years have positioned us well to weather the current economic storm. Looking ahead, we plan to tightly adhere to the e-business cost reduction plan already in place, which hopefully will allow us to maintain our improvements in productivity and efficiency despite a difficult environment."

Oracle Corporation is the world's second largest software company. With annual sales of more than \$10.9 billion, Oracle provides the software that powers the Internet. For more information about Oracle, please call Investor Relations at (650) 506-4073 or visit Oracle on the web at <http://www.oracle.com>.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: Information in this release relating to Oracle's future prospects which are "forward-looking statements" are subject to certain risks and uncertainties that could cause actual results to differ materially, including, but not necessarily limited to, the following: (1) A weakening of economic factors, particularly in the United States economy, may affect the overall demand for computer software and services which could result in decreased revenues or lower revenue growth rates. (2) Delays in closing of sales or product delivery can cause quarterly revenues and income to fall significantly short of anticipated levels. (3) Oracle is introducing new products, such as internet procurement and supply chain management software, customer relationship management applications and application hosting services, as well as assisting its customers in forming exchanges for a number of business procurement needs; the market acceptance and contribution to Oracle's revenues of these products and exchanges cannot be assured. (4) Management's ability to manage growth, continuously hire and retain significant numbers of qualified employees, forecast revenues and control expenses, especially on a quarterly basis, continues to be a challenge. An unexpected decline in the growth rate of revenues without a corresponding and timely slowdown in expense growth could have a material adverse effect on results of operations. (5) Oracle has made changes to its pricing model which could lead to a decline or delay in sales as its sales force and customers adjust to the new pricing policies and practices. Intense competition in the various markets in which Oracle competes may also put pressure on Oracle to reduce prices on certain products. (6) The market for Oracle's products is intensely competitive and is characterized by rapid technological advances and frequent new product introductions. There can be no assurances that Oracle will continue to introduce new products and new versions of existing products that keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance. Oracle undertakes no obligation to update information contained in this release. For further information regarding risks and uncertainties associated with Oracle's business, please refer to the "Risk Factors" section of Oracle Corporation's SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting Oracle Corporation's Investor Relations Department at (650) 506-4073 or Oracle's Investor Relations website at <http://www.oracle.com>

ORACLE CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS (amounts in thousands, except per share data) (unaudited)

	Three Months Ended		Nine Months Ended	
	February		February	
	2001	2000	2001	2000
REVENUES				
Licenses and other	\$1,125,083	\$1,071,373	\$3,050,559	\$2,606,186
Services	1,549,284	1,378,045	4,545,229	4,149,632
Total revenues	2,674,367	2,449,418	7,595,788	6,755,818
OPERATING EXPENSES				
Sales and marketing	665,605	594,696	1,879,434	1,764,555
Cost of services	708,614	707,261	2,077,490	2,217,181
Research and development	301,455	255,552	818,762	739,653
General and administrative	120,570	122,188	337,937	342,780

Total operating expenses	1,796,244	1,679,697	5,113,623	5,064,169
OPERATING INCOME	878,123	769,721	2,482,165	1,691,649
Net investment gains (losses) related to marketable securities (A)	(22,437)	423,882	(20,472)	415,459
Other income, net	47,745	15,727	183,862	57,947
INCOME BEFORE TAXES	903,431	1,209,330	2,645,555	2,165,055
Provision for income taxes	320,718	446,154	939,353	780,659
NET INCOME	\$582,713	\$763,176	\$1,706,202	\$1,384,396
EARNINGS PER SHARE				
Basic	\$0.10	\$0.14	\$0.30	\$0.24
Diluted	\$0.10	\$0.13	\$0.29	\$0.23
WEIGHTED SHARES OUTSTANDING				
Basic	5,595,808	5,637,878	5,594,765	5,692,500
Diluted	5,851,333	5,996,378	5,886,397	5,991,260

(A) Net investment gains (losses) related to marketable securities in the quarter ended February 28, 2001 relate to sales of marketable securities, provision for investment losses, and the Company's equity share in the results of non-consolidated subsidiaries.

Net investment gains related to marketable securities in the quarter ended February 29, 2000 relate to the gain on sale of existing shares in Liberate Technologies in connection with its Secondary Public Offering, gains on sales of other marketable securities, and the Company's equity share in the results of non-consolidated subsidiaries. Excluding the effect of these transactions, the effective tax rate and provision for income taxes would have been 36% and \$282,760, respectively, and net income and fully diluted earnings per share for the quarter ended February 29, 2000 would have been \$502,688 and \$0.08, respectively.

ORACLE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (\$ in thousands)

	February 28, 2001 (unaudited)	May 31, 2000
ASSETS		
Current Assets		
Cash and short term investments	\$4,985,238	\$7,761,998
Trade receivables, net	1,952,119	2,533,964
Prepaid and refundable income taxes	210,534	212,829
Other current assets	311,151	374,543
Total current assets	7,459,042	10,883,334
Long-term cash investments	10,000	110,000
Property and equipment, net	946,268	934,455
Prepaid taxes	261,326	322,379
Other assets	774,104	826,611
TOTAL ASSETS	\$9,450,740	\$13,076,779
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable, including current maturities	\$2,814	\$2,691
Accounts payable	277,705	287,495

Income taxes	540,124	2,821,776
Customer advances and unearned revenues	1,040,712	1,133,482
Other current liabilities	1,444,305	1,616,794
Total current liabilities	3,305,660	5,862,238
Long-term debt	300,931	300,770
Long-term liabilities	194,857	186,178
Deferred income taxes	325,219	266,130
Stockholders' equity	5,324,073	6,461,463
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$9,450,740	\$13,076,779
