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Financial News Details

Oracle Announces Preliminary Third Quarter Earnings Results

March 1, 2001

Oracle Earnings per share expected to be $0.10

REDWOOD SHORES, Calif. 01-MAR-2001 Today, Oracle Corporation announced estimated earnings for its fiscal third quarter ended February 28, 2001, based upon preliminary financial results for the quarter. Preliminary third quarter results indicate earnings per share grew over 20% to $0.10 per share, up from $0.08 per share in Q3 last year (excluding investment gains). Operating margins improved to 33%, up from 31% in Q3 last year.

Current estimates for the quarter, including a 4% negative currency impact, show license revenue grew approximately 6% and total revenue grew approximately 9%. Applications revenue growth is estimated at approximately 50%, and database revenue growth is estimated to be flat to slightly negative.

"License growth was strong in the first two months of Q3, and our internal sales forecast looked good up until the last few days of the quarter," said Oracle CEO Larry Ellison. "However, a substantial number of our customers decided to delay their IT spending based on the economic slowdown in the United States. Sales growth for Oracle products in Europe and Asia Pacific remained strong. The problem is the US economy. "

"Oracle will provide more detailed fourth quarter financial guidance on the regularly scheduled conference call on March 15, 2001," said Oracle CFO Jeffrey O. Henley. "With continued uncertainty in the economy, we can't predict when sales growth will improve. However, we can predict that Oracle will continue to use our e-business suite software to move all our business processes to the Internet. That in turn will allow us to continue to improve efficiency and keep our overall expenses under tight control. These productivity improvements should allow us to continue to deliver year-over-year earnings growth, albeit at a lower rate than previously expected due to lower revenue growth," More information on the company's quarterly performance will be communicated in a conference call at 2:30 (PST), dial-in number at (913) 981-5591. There will be a live web broadcast available on the investor relations web site at /investor. Oracle's regularly scheduled quarterly earnings conference call will take place on March 15, 2001.

Oracle Corporation is the world's second largest software company. With annual sales of more than $10 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.