ORACLE

Financial News Details

Oracle Corporation Reports Second Quarter Fiscal 1998 Results

December 8, 1997

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REDWOOD SHORES, Calif., Dec. 8 /PRNewswire/ -- Oracle Corporation (Nasdaq: ORCL) today reported results for the quarter ended November 30, 1997. Revenues increased 23 percent (29 percent in local currencies) to $1,614 million from $1,311 million in the same period last year. Net income for the period was $187 million, or $0.19 per share, compared to net income of $179 million, or $0.18 per share, in the second quarter of fiscal 1997.

For the first six months of fiscal 1998, revenues increased 26 percent to $2,983 million from $2,364 million in the same period last year. Net income for the six-month period was $337 million, or $0.33 per share, compared to net income of $292 million, or $0.29 per share, excluding one-time charges associated with Navio and TSC acquisitions in the first fiscal quarter. Giving effect to the charges, net income for the six-month period was $196 million, or $0.19 per share. All of the share and per-share amounts in this release have been adjusted to reflect the 3-for-2 stock split effective August 15, 1997.

"Clearly, we were disappointed with the results this quarter," said Jeffrey O. Henley, executive vice president and chief financial officer. "While several factors impacted the quarterly license growth, the economic situation in Asia-Pacific clearly had a significant impact. In addition, the strength of the dollar continued to have a dramatic effect on our reported results this quarter. Without the impact of currency exchange, overall revenue growth would have been 29 percent. In Asia Pacific, which experienced a 14 percentage point negative currency exchange rate impact, revenue would have grown 15 percent in local currencies (1 percent reported in US dollars). EMEA had the second greatest negative impact from currency, reporting revenue growth of 35 percent in local currencies (24 percent reported in US dollars). Americas reported revenue growth of 30 percent in local currencies (29 percent reported in US dollars), versus the same period last year."

"During the first half of the fiscal year, Oracle established industry vertical organizations to deliver total solutions to key industries and we implemented several new product specialist organizations to achieve better alignment with our product divisions," said Ray Lane, Oracle's president and chief operating officer. "While the vertical organizations are delivering larger transactions than ever before, the nature of these transactions require that the largest of these deals be accounted for differently than last year."

Oracle Corporation is the world's leading supplier of software for information management, and the world's second largest independent software company. With annual revenues of over $6 billion, the company offers its database, tools and application products, along with related consulting, education, and support services, in more than 145 countries around the world.

For more information about Oracle, call Oracle Investor Relations at 650-506-4073. Oracle's World Wide Web address is (URL) http://www.oracle.com/ .

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act 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) Management's ability to manage growth, continuously hire and retain significant numbers of qualified employees, forecast revenues and control expenses 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. (2) 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. (3) Intense competition in the various markets in which Oracle competes may put pressure on Oracle to reduce prices on certain products, particularly in the departmental database marketplace. (4) Delays in product delivery or closing of sales can cause quarterly revenues and income to fall significantly short of anticipated levels. (5) Oracle is introducing new products, such as web applications servers and network computing software; the market acceptance and contribution to Oracle's revenues of these products cannot be assured. (6) A significant amount of current demand for applications software may be generated by customers in the process of replacing and upgrading applications in order to accommodate the change in date to the year 2000. Once such customers have completed such preparations, the software industry and Oracle may experience a significant deceleration from the strong annual growth rates recently experienced in the applications software marketplace. In addition, Oracle may generally experience increased expenses in addressing issues associated with the transition to software that is year 2000 compliant. 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 for the year ended May 31, 1997, copies of which may be obtained by contacting Oracle Corporation's Investor Relations Department at 650-506-4073 or Oracle's Fax-on-Demand service 800-ORCL-NOW (672-5669).

NOTE: Oracle is a registered trademark of Oracle Corporation.

ORACLE CORPORATION

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

	2nd Quarter Ended November 30,		Six Months Ended November 30,	
	1997	1996	1997	1996
REVENUES				
Licenses and other	$645,366	$624,137	$1,176,008	$1,085,985
Services	968,361	687,236	1,806,548	1,277,708
Total Revenues	1,613,727	1,311,373	2,982,556	2,363,693
OPERATING EXPENSES				
Sales and marketing	528,490	454,688	977,941	814,538
Cost of services	548,631	377,483	1,016,798	713,590
Research and development (1)	183,217	135,300	342,884	252,509

General and administrative	81,383	69,714	156,897	139,993
Acquired in-process research and development (2)	--	--	167,054	--
Total Operating Expenses	1,341,721	1,037,185	2,661,574	1,920,630
OPERATING INCOME	272,006	274,188	320,982	443,063
Other income (expense) (2)	16,248	6,275	56,222	13,605
INCOME BEFORE TAXES	288,254	280,463	377,204	456,668
Provision for income taxes	100,930	100,967	181,409	164,401
NET INCOME	$187,324	$179,496	$195,795	$292,267
EARNINGS PER SHARE (2)	$0.19	$0.18	$0.19	$0.29
Common and common equivalent shares	1,008,558	1,013,924	1,007,412	1,012,320

(1)In accordance with Statement of Financial Accounting Standards No. 86, $12,895 and $7,383 were capitalized in the quarters ended November 30, 1997 and 1996, respectively.Amortization of capitalized software costs was $12,804 and $7,521in the quarters ended November 30, 1997 and 1996, respectively.

(2)Acquired in-process research and development represents charges of $91,500 and $75,554, respectively, for the Treasury Services Corporation and Navio Communications, Inc. merger transactions that closed in August, 1997.Excluding the effect of these transactions, which also included a credit of $25,726 for minority interest in other income (expense), the provision for income taxes would have been 35%, andnet income and earnings per share for the first sixmonths of fiscal 1998 would have been $337,123 and $0.33 per share, respectively.

ORACLE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
($ in thousands)

	November 30, 1997 (unaudited)	May 31, 1997
ASSETS		
Current Assets		
Cash and short-term investments	$1,514,395	$1,213,190
Trade receivables, net	1,321,368	1,540,470
Prepaid and refundable income taxes	265,996	274,366
Other current assets	210,634	243,070
Total Current Assets	3,312,393	3,271,096
Long-term cash investments	139,863	116,337
Property and equipment, net	898,967	868,948
Computer software development costs, net	99,029	98,981
Other assets	312,465	268,953
TOTAL ASSETS	$4,762,717	$4,624,315
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable, including current maturities	$9,992	$3,361
Accounts payable	206,642	185,444
Income taxes	129,193	203,646
Customer advances and unearned revenues	615,752	602,862
Other current liabilities	762,510	926,826
Total Current Liabilities	1,724,089	1,922,139
Long-term debt	304,602	300,836
Long-term liabilities	57,298	24,226
Deferred income taxes	8,153	7,402
Stockholders' equity	2,668,575	2,369,712
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,762,717	$4,624,315

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