ORACLE

Financial News Details

Oracle Net Income Up 62%, Earnings per Share $0.11; Application Sales Up 66%, Database Sales Up 19%

December 14, 2000

Operating Margin increases 11 points to 36%

REDWOOD SHORES, Calif. 14-DEC-2000 Today, Oracle Corporation announced that second quarter net income increased 62% to $623 million, or $0.11 per share, while revenue grew to $2.7 billion. This compares to $2.3 billion in revenue, $384 million in net income, and $0.06 per share in Q2 last year. Applications software sales increased 66% to $279 million, while database software sales grew 19% to $775 million. Total software license revenue was up 25% to $1.1 billion, while total service revenue increased 9% to $1.5 billion for the quarter.

"Our applications business is strong and getting stronger," said Oracle CEO, Larry Ellison. "Oracle's new e-business suite puts every aspect of a business -- marketing, sales, service, procurement, supply chain, manufacturing, accounting, human resources -- everything, on the Internet. All the applications in our suite are designed and engineered to work together, so customers buying the entire suite don't need to do any systems integration."

"Customers buying a part of the suite are doing systems integration to connect our applications with applications from other vendors," Ellison continued. "This quarter's results prove that we're winning more and more of these best-of-breed battles against Ariba, I2, Seibel and other niche specialists. And once a customer uses one of our applications, it's just a matter of time before they move to the entire suite. Systems integration is so complex and expensive that nobody really wants to do it."

"This quarter's numbers are even more impressive when you factor out currency fluctuations," said Oracle Chief Financial Officer, Jeff Henley . "The proper way to measure our growth year over year is in constant dollars. Using that measure, quarterly applications software sales were up 73% while database software sales were up 26%. Total license growth increased 32%. That's stellar growth for a company our size. Add the fact that it took us just two years to double operating margins and more than double profits, and you have a measure of the strength of our business."

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) 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. (2) 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. (3) Delays in product delivery or closing of sales can cause quarterly revenues and income to fall significantly short of anticipated levels. (4) Oracle has recently 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. Intense competition in the various markets in which Oracle competes may also put pressure on Oracle to reduce prices on certain products. (5) A weakening of the economy may affect the overall demand for computer software and services which could result in decreased revenues or lower revenue growth rates. (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 November 30,		Six Months Ended November 30,	
	2000	1999	2000	1999
REVENUES				
Licenses and other	$1,118,238	$902,632	$1,925,476	$1,534,813
Services	1,541,308	1,419,251	2,995,945	2,771,587
Total revenues	2,659,546	2,321,883	4,921,421	4,306,400
OPERATING EXPENSES				
Sales and marketing	640,865	631,433	1,213,829	1,169,859
Cost of services	694,998	753,170	1,368,876	1,509,920
Research and development	266,280	248,160	517,307	484,101
General and administrative	111,402	113,055	217,367	220,592

Total operating expenses	1,713,545	1,745,818	3,317,379	3,384,472
OPERATING INCOME	946,001	576,065	1,604,042	921,928
Net investment gains (losses) related to marketable securities (A)	(13,468)	(5,083)	1,965	(8,423)
Other income, net	33,348	20,533	136,117	42,220
INCOME BEFORE TAXES	965,881	591,515	1,742,124	955,725
Provision for income taxes	343,069	207,031	618,635	334,505
NET INCOME	$622,812	$384,484	$1,123,489	$621,220
EARNINGS PER SHARE (B)				
Basic	$0.11	$0.07	$0.20	$0.11
Diluted	$0.11	$0.06	$0.19	$0.10
WEIGHTED SHARES OUTSTANDING (B)				
Basic	5,584,428	5,717,780	5,594,243	5,719,812
Diluted	5,874,987	6,012,600	5,903,929	5,988,704

(A) Net investment gains (losses) related to marketable securities relate to actual sales of marketable securities, and the Company's equity share in the results of non-consolidated subsidiaries.

(B) All earnings per share and weighted shares outstanding amounts have been adjusted to reflect a 2:1 stock split during the quarter ended November 30, 2000.

ORACLE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
($ in thousands)

	November 30, 2000 (unaudited)	May 31, 2000
ASSETS		
Current Assets		
Cash and short term investments	$4,356,165	$7,761,998
Trade receivables, net	1,935,767	2,533,964
Prepaid and refundable income taxes	223,837	212,829
Other current assets	307,695	374,543
Total Current Assets	6,823,464	10,883,334
Long-term cash investments	30,000	110,000
Property and equipment, net	941,793	934,455
Prepaid taxes - long term	289,624	322,379
Other assets	838,886	826,611
TOTAL ASSETS	$8,923,767	$13,076,779
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable, including current maturities	$2,596	$2,691
Accounts payable	282,738	287,495
Income taxes	526,492	2,821,776
Customer advances and unearned revenues	1,053,809	1,133,482
Other current liabilities	1,301,990	1,616,794

Total Current Liabilities	3,167,625	5,862,238
Long-term debt	300,802	300,770
Long-term liabilities	191,257	186,178
Deferred income taxes	337,620	266,130
Stockholders' equity	4,926,463	6,461,463
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$8,923,767	$13,076,779