ORACLE

Financial News Details

Oracle Corporation Reports Record Third Quarter Fiscal 1998 Results, EPS $0.22

March 12, 1998

REDWOOD SHORES, Calif., March 12, 1998 -- Oracle Corporation (Nasdaq: ORCL) today reported results for the quarter ended February 28, 1998. Revenues increased 27 percent (33 percent in local currencies) to $1,749 million from $1,373 million in the same period last year. Net income for the period was $215 million, or $0.22 per share, compared to net income of $193 million, or $0.19 per share, in the same period of fiscal 1997 (excluding the one-time $37 million charge related to the Datalogix acquisition).

For the first nine months of fiscal 1998, revenues increased 27 percent to $4,731 million from $3,736 million in the same period last year. Net income for the nine-month period was $552 million, or $0.55 per share, compared to net income of $485 million, or $0.48 per share, excluding one-time charges related to acquisitions in fiscal 1997 and fiscal 1998. Giving effect to the charges, net income for the fiscal 1998 nine-month period was $411 million, or $0.41 per share.

Worldwide license and other revenue growth of 14 percent (19 percent in local currencies) for the third quarter over the same period last year, showed a healthy rebound from the previous quarter, led by Oracle's server performance in the Americas region, which was up 34 percent. Worldwide services continued to reflect strong performance, reporting 41 percent growth in the quarter versus the same period last year.

Americas and EMEA led performance by geography, when comparing third quarter fiscal 1998 results with the comparable period in fiscal 1997. Americas reported a strong growth rate of 44 percent in local currencies (up 43 percent in reported dollars) and EMEA reported revenue growth of 29 percent in local currencies (up 21 percent in reported dollars). Asia Pacific grew 3 percent in local currencies (down 12 percent in reported dollars). Without the impact of currency exchange, worldwide revenue growth would have been 33 percent.

During the quarter, InfoWorld selected Oracle8(TM) and Oracle(R) Application Server as its 1997 Products of the Year for Best Database and Server Software, respectively, in the magazine's 17th annual awards for the year's most outstanding enterprise products. Oracle8 Enterprise Edition and Oracle Application Server Advanced Version both received the highest possible "Excellent" scores in separate InfoWorld Test Center reviews in 1997. Both products from the world's leading supplier of software for information management were praised for their superior strengths in manageability, performance, scalability, transaction management and fault tolerance. Combined together, the two products provide one of the industry's most integrated solutions for network computing.

During the quarter, Oracle shipped the world's first suite of enterprise business applications based on Java, Oracle Applications(TM) Release 10.7 NCA. For the first time, corporations are able to implement enterprise applications that have all the benefits of graphical, client/server software without the cost and complexity of installing client software on each user's desktop. Beyond realizing immediate and dramatic cost savings, by shifting the complexity of administering software from the desktop to professionally managed networks, companies can provide higher reliability and service levels to their user communities.

"We are pleased with the significant progress we've made this quarter proving the company's ability to focus and execute," said Ray Lane, Oracle's president and chief operating officer. "Although we believe the situation in Asia Pacific will continue to negatively effect results for sometime, Oracle's performance in the Americas and EMEA shows that the primary issues surrounding sales force reorganization are behind us. Particularly gratifying was the healthy server growth in both the Americas and EMEA.

"We have also delivered in this quarter the Network Computing Architecture in all of our products," Lane continued. "We are now able to deliver the lowest cost of ownership to our customers."

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 $6.7 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 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/.

NOTE: Oracle is a registered trademark of Oracle Corporation.

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

	3rd Quarter Ended February		Nine Months Ended February	
	1998	1997	1998	1997

REVENUES				
Licenses and other	$ 774,521	$ 681,108	$1,950,529	$1,767,093
Services	974,236	691,504	2,780,784	1,969,212
Total Revenues	1,748,757	1,372,612	4,731,313	3,736,305
OPERATING EXPENSES				
Sales and marketing	567,619	460,361	1,545,560	1,274,899
Cost of services	586,398	401,441	1,603,196	1,115,031
Research and development (a)	184,106	138,527	526,990	391,036
General and administrative	92,361	75,356	249,258	215,349
Acquired in-process research and development (b)	--	36,800	167,054	36,800
Total Operating Expenses	1,430,484	1,112,485	4,092,058	3,033,115
OPERATING INCOME	318,273	260,127	639,255	703,190
Other income (expense) (b)	12,615	4,330	68,837	17,935
INCOME BEFORE TAXES	330,888	264,457	708,092	721,125
Provision for income taxes	115,811	95,204	297,220	259,605
NET INCOME	$ 215,077	$ 169,253	$ 410,872	$ 461,520
EARNINGS PER SHARE (b)				
Basic	$ 0.22	$ 0.17	$ 0.42	$ 0.47
Diluted	$ 0.22	$ 0.17	$ 0.41	$ 0.46
Shares Outstanding				
Basic	974,947	985,155	978,907	985,557
Diluted	991,641	1,009,779	1,002,155	1,011,473

(a) In accordance with Statement of Financial Accounting Standards No. 86, $12,526 and $5,533 were in the quarters ended February 28, 1998 and 1997, respectively. Amortization of capitalized software costs was $12,738 and $5,466 in the quarters ended February 28, 1998 and 1997, respectively.

(b) 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% and net income and diluted earnings per share for the first nine months of fiscal 1998 would have been $552,200 and $0.55 per share, respectively. Acquired in-process research and development in Q3 of fiscal 1997 represents charges of $36,800 related to the acquisition of Datalogix International, Inc.

ORACLE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
($ in thousands)

	February 28, 1998 (unaudited)	May 31, 1997
ASSETS		
Current Assets		
Cash and short term investments	$1,516,819	$1,213,190
Trade receivables, net	1,322,781	1,540,470
Prepaid and refundable income taxes	261,042	274,366
Other current assets	233,607	243,070
Total Current Assets	3,334,249	3,271,096
Long-term cash investments	82,752	116,337
Property and equipment, net	920,343	868,948
Computer software development costs, net	98,817	98,981
Other assets	313,595	268,953
TOTAL ASSETS	$4,749,756	$4,624,315
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		

Notes payable, including current maturities	$ 13,407	$ 3,361
Accounts payable	202,558	185,444
Income taxes	89,935	203,646
Customer advances and unearned revenues	663,818	602,862
Other current liabilities	833,722	926,826
Total Current Liabilities	1,803,440	1,922,139
Long-term debt	304,500	300,836
Long-term liabilities	56,438	24,226
Deferred income taxes	8,344	7,402
Stockholders' equity	2,577,034	2,369,712
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,749,756	$4,624,315