



Financial News Details

Oracle Corporation Reports Record Fourth Quarter and Fiscal Year End Results Fourth Quarter EPS \$0.41

June 17, 1998

REDWOOD SHORES, Calif., June 17, 1998 -- Oracle Corporation (Nasdaq: ORCL) today announced record fiscal year results for the period ended May 31, 1998. Oracle's two businesses, database and applications, totaled \$7.1 billion in annual revenues. The database business, including database, tools and related services, reported \$5.3 billion for fiscal year 1998, and grew at 17 percent compared to the prior year, continuing its position as the largest database business in the world. The applications business and related services grew 58 percent for the year, totaling \$1.8 billion in annual revenues, continuing its position as the second largest applications business in the world.

Revenues for the fourth quarter increased 24 percent (28 percent in local currencies) to \$2.4 billion from \$1.9 billion in the same period last year. Net income for the period increased to \$403 million, or \$0.41 per share, compared to net income of \$360 million, or \$0.36 per share, in the same period last year.

For the total fiscal year 1998, revenues grew 26 percent (31 percent in local currencies) to \$7.1 billion. Net income for the period increased to \$955 million, or \$0.96 per share, excluding charges related to acquired in-process research and development from Treasury Services Corporation and Navio Communications, Inc., in Oracle's first quarter. This compares to net income of \$845 million, or \$0.84 per share, for fiscal year 1997, excluding the \$24 million after tax charge in Oracle's fiscal 1997 third quarter for the purchase of Datalogix, Inc.

Overall license and other related revenue in the fourth quarter grew by 10 percent year-over-year reflecting continued demand for Oracle's core products in the fourth fiscal quarter. In particular, database in the Americas increased 24 percent, leading overall license performance. Services revenue increased 43 percent, year-over-year, which continued a four year trend of consistent 40 plus percent growth.

Oracle Americas led sales growth by geographic region, up 33 percent, followed by EMEA (Europe, Middle East and Africa), up 23 percent (27 percent in local currencies), versus the same period last year. Asia Pacific was down 17 percent in reported dollars (down 2 percent in local currencies) versus the same period last year, reflecting continued weak economic conditions in Asia Pacific.

During the fiscal year, Oracle delivered new versions of each of its major products: -- Oracle8, launched in June 1997, received high appraisal from key industry publications throughout the world by winning the following awards:

* InfoWorld - Product of the Year * InfoWorld - Best of Test Center * Networking Solutions - Product of the Year * Datamation - Product of the Year * Windows NT Magazine - Most Influential Database on NT * Information Week - One of the Most Important Products of the Year * PC Magazine - Finalist Fourteenth Annual Awards for Technical InfoWorld named for technical excellence * Data News (Belgium IT Magazine) - Database Management Software of the Year * Network News (Italian IT Magazine) - Best Database of the Year * Network and Communications (Swedish IT Magazine) - Best in Test

-- In May 1998, Oracle officially launched its most advanced release of its applications suite, Applications Release 11. With this release, Oracle Applications significantly advanced its functionality and technological offering across the manufacturing & supply chain, financials, human resources, and front office families. Fully integrated into Oracle Applications is an all new Business Intelligence System, which provides fast answers to tough questions throughout the business. Offering information relevant to both senior executives and line managers, Release 11 enables companies to respond far more quickly to changing business conditions.

-- As part of the Oracle Web Developer Suite, Oracle announced Oracle(R) Designer/2000(TM) Release 2.1 and Oracle Developer/2000(TM) Release 2.1, enabling dramatically increased productivity for the database application developer. The new features of Oracle's flagship application development environment allows developers, for the first time, to model with business process reengineering (BPR) and automatically generating 100 percent of their applications. Developer/2000 Release 2.1 dramatically reduces administration costs by deploying applications to professionally managed application servers where they can be accessed by any PC or network computer capable of running a standard Internet browser.

"Every several years the market tests you ... tests your strategy, tests your products and tests your management team. This year we've passed this test and strengthened the company," said Ray Lane, President and Chief Operating Officer. "We have repositioned for Asia, we have introduced new releases of all our products (Oracle 8, Applications Release 11, NCA Tools) and we have simplified our organizational structure. We expect to continue to be a leader in each of our key markets in fiscal year 1999."

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 \$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 415-506-4073 or see Oracle's World Wide Web page: (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, 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)

	4th Quarter Ended May 31,		Fiscal Year Ended May 31,	
	1998	1997	1998	1997
REVENUES				
Licenses and other	\$ 1,242,960	\$ 1,129,603	\$ 3,193,490	\$ 2,896,696
Services	1,169,593	818,428	3,950,376	2,787,640
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Total Revenues	2,412,553	1,948,031	7,143,866	5,684,336
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OPERATING EXPENSES				
Sales and marketing	825,746	695,495	2,371,306	1,970,394
Cost of services	670,412	435,435	2,273,607	1,550,466
Research and development (a)	192,153	164,440	719,143	555,476
General and administrative	119,298	92,866	368,556	308,215
Acquired in-process research and development	--	--	167,054	36,800
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Total Operating Expenses	1,807,609	1,388,236	5,899,666	4,421,351
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OPERATING INCOME	604,944	559,795	1,244,200	1,262,985
Other income (expense) (b)	14,782	2,607	83,619	20,542
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INCOME BEFORE TAXES	619,726	562,402	1,327,819	1,283,527
Provision for income taxes	216,904	202,465	514,124	462,070
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NET INCOME	\$ 402,822	\$ 359,937	\$ 813,695	\$ 821,457
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EARNINGS PER SHARE (b)				
Basic	\$ 0.41	\$ 0.37	\$ 0.83	\$ 0.83
Diluted	\$ 0.41	\$ 0.36	\$ 0.81	\$ 0.81

Shares Outstanding

Basic	973,674	980,116	977,599	984,197
Diluted	992,436	1,002,762	999,725	1,009,295

(a) In accordance with Statement of Financial Accounting Standards No. 86, \$8,216 and \$5,640 were capitalized in the quarters and \$38,079 and \$28,064 were capitalized in the fiscal years ended May 31, 1998 and 1997, respectively. Amortization of capitalized software costs was \$8,008 and \$5,551 in the quarters and \$38,035 and \$28,156 in the fiscal May 31, 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 year ended May 31, 1998 would have been \$955,023 and \$0.96 per share, respectively. Acquired in-process research and development for the year ended May 31, 1997 represents charges of \$36,800 related to the acquisition of Datalogix International, Inc.

ORACLE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in thousands)

	May 31, 1998	May 31, 1997
ASSETS		
Current Assets		
Cash and short term investments	\$ 1,919,199	\$ 1,213,190
Trade receivables, net	1,857,480	1,540,470
Prepaid and refundable income taxes	260,624	274,366
Other current assets	285,747	243,070
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Total Current Assets	4,323,050	3,271,096
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Long-term cash investments	186,511	116,337
Property and equipment, net	934,350	868,948

Computer software development costs, net	99,012	98,981
Other assets	276,088	268,953
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TOTAL ASSETS	\$ 5,819,011	\$ 4,624,315
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable, including current maturities	\$ 2,924	\$ 3,361
Accounts payable	239,698	185,444
Income taxes	181,354	203,646
Customer advances and unearned revenues	877,087	602,862
Other current liabilities	1,183,102	926,826
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Total Current Liabilities	2,484,165	1,922,139
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Long-term debt	304,337	300,836
Long-term liabilities	57,095	24,226
Deferred income taxes	15,856	7,402
Stockholders' equity	2,957,558	2,369,712
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,819,011	\$ 4,624,315
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