FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-01-11** | Period of Report: **1993-11-30**
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FILER

ORACLE SYSTEMS CORP
CIK:**777676**| IRS No.: **942871189** | State of Incorp.:**DE** | Fiscal Year End: **0531**
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SIC: **7372** Prepackaged software

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED NOVEMBER 30, 1993

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 0-14376

ORACLE SYSTEMS CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>
<S> <C>

DELAWARE	94-2871189
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

</TABLE>

500 ORACLE PARKWAY,
REDWOOD CITY, CALIFORNIA 94065
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(415) 506-7000
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether the registrant has (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Number of shares of registrant's common stock outstanding as of November 30, 1993: 290,028,876.

ORACLE SYSTEMS CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ORACLE SYSTEMS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

ASSETS

	NOVEMBER 30, 1993	MAY 31, 1993
CURRENT ASSETS:		
Cash and cash equivalents	$ 194,734	$ 284,560
Short-term cash investments	97,037	73,215
Trade receivables, net of allowance for doubtful accounts of $33,000 and $34,634, respectively	374,780	359,360
Prepaid and refundable income taxes	47,462	49,157
Other current assets	81,396	76,015
Total current assets	795,409	842,307
LONG-TERM CASH INVESTMENTS	16,035	31,276
PROPERTY, net	280,655	189,238
COMPUTER SOFTWARE DEVELOPMENT COSTS, net of accumulated amortization of $89,204 and $71,546, respectively	101,366	101,580
OTHER ASSETS	35,847	19,619
Total assets	$ 1,229,312	$1,184,020

LIABILITIES AND STOCKHOLDERS' EQUITY

	NOVEMBER 30, 1993	MAY 31, 1993
CURRENT LIABILITIES:		
Notes payable to banks	$ 2,044	$ 1,530
Current maturities of long-term debt	7,571	9,154
Accounts payable	77,439	72,863
Income taxes	55,746	49,729
Accrued compensation and related benefits	99,919	103,099

Customer advances and unearned revenues	180,574	193,211
Value added tax and sales tax payable	24,728	31,192
Other accrued liabilities	80,779	90,565
Total current liabilities	528,800	551,343
LONG-TERM DEBT	84,680	86,380
OTHER LONG-TERM LIABILITIES	11,441	10,035
DEFERRED INCOME TAXES	11,285	8,223
STOCKHOLDERS' EQUITY	593,106	528,039
Total liabilities and stockholders' equity	$ 1,229,312	$1,184,020

</TABLE>

See notes to condensed consolidated financial statements.

ORACLE SYSTEMS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 1993 AND 1992
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED NOVEMBER 30,		SIX MONTHS ENDED NOVEMBER 30,	
	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
REVENUES:				
Licenses and other	$252,119	$206,042	$468,993	$377,486
Services	200,051	147,127	381,231	282,572
Total revenues	452,170	353,169	850,224	660,058
OPERATING EXPENSES:				
Sales and marketing	166,276	153,903	330,886	305,061
Cost of services	116,198	84,646	216,376	164,342
Research and development	45,867	34,011	92,433	64,461
General and administrative	31,908	29,004	63,853	58,556
Total operating expenses	360,249	301,564	703,548	592,420
Operating income	91,921	51,605	146,676	67,638
OTHER INCOME (EXPENSE), net	(29)	(83)	1,822	(785)
Income before provision for income taxes and cumulative effect of change in accounting principle	91,892	51,522	148,498	66,853
PROVISION FOR INCOME TAXES	29,767	18,033	49,013	23,399
Income before cumulative effect of change in accounting principle	62,125	33,489	99,485	43,454
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN SOFTWARE REVENUE RECOGNITION METHOD, NET OF RELATED INCOME TAX EFFECTS (See Note 2)	--	--	--	(43,470)
Net income (loss)	$ 62,125	$ 33,489	$ 99,485	$ (16)
EARNINGS (LOSS) PER SHARE:				

Income before cumulative effect of change in accounting principle.....................	$ 0.21	$ 0.11	$ 0.34	$ 0.15
Cumulative effect of change in accounting principle.................................	$ 0.00	$ 0.00	$ 0.00	$ (0.15)
Net income............................	$ 0.21	$ 0.11	$ 0.34	$ 0.00
COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (See Note 5)...................................	295,932	292,024	295,972	291,228

</TABLE>

See notes to condensed consolidated financial statements.

ORACLE SYSTEMS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 1993 AND 1992
(IN THOUSANDS)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED NOVEMBER 30,	
	1993	1992
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)..	$ 99,485	$ (16)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of accounting change.........................	--	43,470
Depreciation and amortization..................................	48,633	40,783
Provision for doubtful accounts................................	14,863	10,187
(Increase) decrease in trade receivables.......................	(46,703)	26,902
Decrease in prepaid and refundable income taxes................	1,695	17,408
(Increase) decrease in other current assets....................	(5,534)	7,097
Increase (decrease) in accounts payable........................	6,912	(5,040)
Increase (decrease) in income taxes............................	16,480	(13,446)
Decrease in customer advances and unearned revenues............	(8,092)	(28,118)
Decrease in other accrued liabilities..........................	(13,742)	(10,580)
Increase in other long-term liabilities........................	1,407	966
Increase (decrease) in deferred income taxes...................	2,336	(1,588)
Net cash provided by operating activities..........................	117,740	88,025
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in cash investments...................................	(8,582)	(65,566)
Capital expenditures...	(122,594)	(14,355)
Capitalization of computer software development costs..........	(17,609)	(18,979)
Increase in other assets.......................................	(17,864)	(2,259)
Net cash used for investing activities.............................	(166,649)	(101,159)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments on debt obligations...............................	(2,679)	(5,721)
Proceeds from common stock issued..............................	18,616	14,964
Repurchase of common stock.....................................	(49,627)	(15,576)
Net cash used for financing activities.............................	(33,690)	(6,333)

EFFECT OF EXCHANGE RATE CHANGES ON CASH	(7,227)	(2,403)
Net decrease in cash and cash equivalents	(89,826)	(21,870)
CASH AND CASH EQUIVALENTS:		
Beginning of period	284,560	153,283
End of period	$ 194,734	$ 131,413

</TABLE>

See notes to condensed consolidated financial statements.

ORACLE SYSTEMS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended May 31, 1993.

The unaudited condensed consolidated financial statements included herein reflect all adjustments (which include only normal, recurring adjustments) which are, in the opinion of management, necessary to state fairly the results for the six months ended November 30, 1993. The results for the six month period ended November 30, 1993 are not necessarily indicative of the results expected for the full fiscal year.

2. SOFTWARE REVENUE RECOGNITION

Effective June 1, 1992, the Company adopted Statement of Position 91-1, "Software Revenue Recognition," which addresses the accounting for software revenues. The Company recorded the cumulative effect of the change in accounting principle, net of tax, in the amount of $43,470,000 as a non-cash charge in its statement of operations in the first quarter of fiscal 1993.

3. PROPERTY

In August 1993, to reduce its net facilities costs, the Company purchased $85.1 million of 10.375% mortgage notes due July 31, 1995. These notes are the obligations of IV Centrum Associates, a real estate limited partnership, which owns two of the three buildings leased by the Company for its headquarters. As a result of the note purchases, the Company has capitalized the two building leases and the $85.1 million payment has been classified as property in the accompanying condensed consolidated balance sheet. In December 1993, the Company became a 74% limited partner in IV Centrum by making a capital contribution of approximately $4 million. The Company has the right, to leave the partnership in 1996 and take full title to both buildings without making further capital contributions.

4. NOTES PAYABLE

In December 1991, the Company entered into an $80 million subordinated debt agreement with Nippon Steel Corporation ("NSC"). In connection with this agreement, the Company also entered into a strategic relationship with NSC to target major customers and industries in Japan. The subordinated debt agreement has a final maturity date of December 9, 1998, subject to a one-time call option that may reduce the maturity to May 1, 1995 if the strategic relationship is terminated after May 1, 1994. Interest is charged at LIBOR plus three-quarters of one percent, payable semi-annually in arrears. The Company is required to maintain certain financial covenants under the agreement. Additionally, NSC acquired warrant rights to purchase from the Company an ownership position of up to twenty-five percent of Oracle Corporation Japan, an indirect wholly owned subsidiary of the Company. The exercise price for the warrants is based on a $400 million valuation of Oracle Corporation Japan if shares are purchased prior to May 1, 1994. If NSC does not exercise this option, it may select other options to purchase an ownership in Oracle Corporation Japan of up to twenty-five percent at fair market value prior to December 1, 1998, subject to potential extensions. NSC has also agreed not to acquire shares of Oracle Corporation Japan beyond the twenty-five percent interest, nor any shares of the Company, subject to certain exceptions.

5. EARNINGS (LOSS) PER SHARE

On October 11, 1993, the Company effected a two-for-one stock split in the form of a 100% common stock dividend distributed November 8, 1993 to stockholders of record as of October 22, 1993. All per share data and numbers of common shares, where appropriate, have been retroactively adjusted to reflect the stock split.

Earnings per share was computed based on the weighted average number of common and common equivalent shares outstanding during the period. Loss per share was computed based only on the weighted average number of common shares outstanding during the period. Common equivalent shares, which represent shares issuable upon the exercise of outstanding stock options, were excluded from the calculation of loss per share because the effect of including such shares in the computation would be antidilutive.

6. LITIGATION

Refer to Part II, Item 1 for a description of legal proceedings.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

International revenues increased 21% in both the second quarter and first half of fiscal 1994, as compared to the corresponding periods in fiscal 1993, while domestic revenues increased 41% and 44% from the second quarter and first half of fiscal 1993, respectively. International revenues were negatively affected in the second quarter and first half of fiscal 1994 when compared to the corresponding periods of the prior year as a result of the strengthening of the U.S. dollar against the major international currencies. International revenues expressed in local currency increased in the second quarter and first half of fiscal 1994 by approximately 29% and 34%, respectively, from the corresponding periods of fiscal 1993. International revenues constituted approximately 61% and 64% of total revenues in the second quarters of fiscal 1994 and 1993, respectively, and 61% and 65% of total revenues in the first half of fiscal 1994 and 1993, respectively. Management expects that the Company's international operations will continue to provide a significant portion of total revenues. However, international revenues will be adversely affected if the U.S. dollar continues to strengthen against the major international currencies.

REVENUES:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED			SIX MONTHS ENDED		
	NOV 30, 1993	CHANGE	NOV 30, 1992	NOV 30, 1993	CHANGE	NOV 30, 1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Licenses and other..................	$ 252,119	22%	$ 206,042	$ 468,993	24%	$ 377,486
Percentage of revenues..............	55.8%		58.3%	55.2%		57.2%
Services............................	$ 200,051	36%	$ 147,127	$ 381,231	35%	$ 282,572
Percentage of revenues..............	44.2%		41.7%	44.8%		42.8%
Total revenues.................	$ 452,170	28%	$ 353,169	$ 850,224	29%	$ 660,058

</TABLE>

Licenses and Other Revenues. License revenues represent fees earned for granting customers licenses to use the Company's software products. License revenues also include revenues from the Company's systems integration business and other miscellaneous revenues. Excluding systems integration and other revenues, license revenues increased 29% and 33% from the second quarter and first half of fiscal 1993, respectively. The Company believes that the strong license revenue growth rate in the first and second quarters of fiscal 1994 is primarily due to an overall increase in market demand for database and tools products, increased market acceptance of the Company's relational DBMS, as well as increased penetration in the financial and manufacturing applications markets.

Services Revenues. Support, consulting and education services revenues each increased from the corresponding periods of fiscal 1993. The Company's support revenues constituted the largest portion of services revenues in the second quarter and first half of fiscal 1994, reflecting the continued increase in the installed base of the Company's products under support contracts. Support, consulting and education services revenues as a whole are expected to continue to grow, as the Company's installed base grows and as it expands services to assist customers in the use and implementation of applications based on the Company's products.

OPERATING EXPENSES:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED			SIX MONTHS ENDED		
	NOV 30, 1993	CHANGE	NOV 30, 1992	NOV 30, 1993	CHANGE	NOV 30, 1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales and marketing....................	$166,276	8%	$153,903	$330,886	8%	$305,061
Percentage of revenues.................	36.8%		43.6%	38.9%		46.2%
Cost of services.......................	$116,198	37%	$ 84,646	$216,376	32%	$164,342
Percentage of revenues.................	25.7%		24.0%	25.4%		24.9%
Research and development(1)............	$ 45,867	35%	$ 34,011	$ 92,433	43%	$ 64,461
Percentage of revenues.................	10.1%		9.6%	10.9%		9.8%
General and administrative.............	$ 31,908	10%	$ 29,004	$ 63,853	9%	$ 58,556
Percentage of revenues.................	7.1%		8.2%	7.5%		8.9%

</TABLE>

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(1) Pursuant to Statement of Financial Accounting Standards No. 86, the Company capitalized software development costs equal to 2.0% and 2.5% of total revenues during the second quarters of fiscal 1994 and 1993, respectively, and 2.1% and 2.9% of total revenues in the first half of fiscal 1994 and

1993, respectively.

Similar to the trend in international revenues, the Company's international expenses were favorably affected in the second quarter and first half of fiscal 1994 when compared to the corresponding periods in the prior year due to the strengthening of the U.S. dollar versus the major international currencies.

Sales and Marketing Expenses. The Company continues to place significant emphasis, both domestically and internationally, on direct sales through its own sales force. However, the Company has also begun to place more emphasis on marketing its products through indirect channels in order to increase market share, while reducing distribution costs. As a percentage of total revenues, sales and marketing expenses decreased when compared to the corresponding periods in fiscal 1993 as a result of higher revenue levels and controls over select operating expenses in order to improve the Company's sales margins. Included in sales and marketing expenses is the amortization of capitalized software development costs (see below).

Cost of Services. The cost of providing services consists largely of consulting, education, and support personnel expenses. As a percentage of service revenues, cost of services remained constant at 58% of revenues in both the second quarters of fiscal 1994 and 1993, but decreased to 57% in the first half of fiscal 1994 from 58% in the same corresponding period in fiscal 1993.

Research and Development Expenses. Research and development expenses for the second quarters of fiscal 1994 and 1993 would have been 12.2% and 12.1%, respectively, of revenues without the capitalization of software development costs in accordance with Statement of Financial Accounting Standards No. 86. Before considering the impact of software capitalization, research and development expenses increased 28.7% from the second quarter of fiscal 1993 and 31.9% from the first half of fiscal 1993 to the corresponding periods of fiscal 1994 (34.9% and 43.4% after the adjustment for software capitalization). The Company capitalized approximately $9,188,000 and $8,778,000 of software development costs during the second quarters of fiscal 1994 and 1993, respectively, and $17,609,000 and $18,979,000 in the corresponding six month periods. Amortization of capitalized software development costs is charged to sales and marketing expenses and totalled $9,352,000 and $5,427,000 in the second quarters of fiscal 1993 and 1992, respectively, and $17,823,000 and $10,984,000 in the corresponding six month periods. The Company expects the amount of

amortization of capitalized software development costs to continue to increase in fiscal 1994 over fiscal 1993, as a result of the introduction of new products, and the commencement of the related amortization. The Company believes that research and development expenditures are essential to maintaining its competitive position and expects these costs to continue to constitute a significant percentage of revenues.

General and Administrative Expenses. General and administrative expenses as a percentage of revenues decreased in the second quarter and first half of fiscal 1994 as compared to the corresponding periods in fiscal 1993, reflecting higher revenue levels and controls over discretionary spending.

OTHER INCOME (EXPENSE):

<TABLE>
<CAPTION>

	THREE MONTHS ENDED			SIX MONTHS ENDED		
	NOV 30, 1993	CHANGE	NOV 30, 1992	NOV 30, 1993	CHANGE	NOV 30, 1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Other Income (Expense).............	$(29)	65%	$(83)	$1,822	332%	$ (785)

Percentage of revenues.............	*	*	0.2%	(0.1%)

</TABLE>

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* Not meaningful

Changes in non-operating expenses primarily reflect fluctuations in interest income and expense related to changes in cash and debt balances, as well as other miscellaneous income and expense items.

PROVISION FOR INCOME TAXES:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED			SIX MONTHS ENDED		
	NOV 30, 1993	CHANGE	NOV 30, 1992	NOV 30, 1993	CHANGE	NOV 30, 1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Provision for Income Taxes.................	$29,767	65%	$18,033	$49,013	109%	$23,399
Percentage of revenues.....................	6.6%		5.1%	5.8%		3.5%

</TABLE>

The Company's estimated effective tax rate for the first half of fiscal 1994 was 33% as compared to a 35% tax rate in the corresponding period of fiscal 1993.

NET INCOME (LOSS) AND EARNINGS (LOSS) PER SHARE:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED			SIX MONTHS ENDED		
	NOV 30, 1993	CHANGE	NOV 30, 1992	NOV 30, 1993	CHANGE	NOV 30, 1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Income Before Cumulative Effect of Change in Accounting Principle...........	$62,125	86%	$33,489	$99,485	129%	$43,454
Percentage of revenues.....................	13.7%		9.5%	11.7%		6.6%
Net Income (Loss).........................	$62,125	86%	$33,489	$99,485	*	$ (16)
Earnings (Loss) Per Share:						
Income Before Cumulative Effect of Change in Accounting Principle..............	$ .21	91%	$ .11	$ .34	127%	$ .15
Net Income................................	$ .21	91%	$ .11	$ .34	*	$ .00

</TABLE>

- ---------------

* Not meaningful

LIQUIDITY AND CAPITAL RESOURCES:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED		
	NOVEMBER 30, 1993	CHANGE	NOVEMBER 30, 1992
<S>	<C>	<C>	<C>
Working Capital..................................	$ 266,609	14%	$ 233,945

Cash and short-term investments	$ 291,771	33%	$ 220,197
Long-term cash investments	$ 16,036	*	--
Cash provided by operating activities	$ 117,740	34%	$ 88,025
Cash used for investing activities	$ (166,649)	65%	$ (101,159)
Cash used for financing activities	$ (33,690)	432%	$ (6,333)

</TABLE>

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* Not meaningful

As discussed in Note 4 of Notes to Condensed Consolidated Financial Statements, the Company entered into a subordinated debt agreement with NSC for $80,000,000 in December 1991. In connection with this agreement, the Company also entered into a strategic relationship with NSC to target major customers and industries in Japan. The subordinated debt agreement has a final maturity date of December 9, 1998, subject to a one-time call option that may reduce the maturity date to May 1, 1995 if the strategic relationship is terminated after May 1, 1994.

At November 30, 1993, the Company also had additional debt of $14,295,000 in the form of other notes payable and capital leases.

In August 1993, to reduce its net facilities costs, the Company purchased $85.1 million of 10.375% mortgage notes due July 31,1995. These notes are the obligations of IV Centrum Associates, a real estate limited partnership, which owns two of the three buildings leased by the Company for its headquarters. As a result of the note purchases, the Company has capitalized the two building leases and the $85.1 million payment has been classified as property in the accompanying condensed consolidated balance sheet. In December 1993, the Company became a 74% limited partner in IV Centrum by making a capital contribution of approximately $4 million. The Company has the right, to leave the partnership in 1996 and take full title to both buildings without making further capital contributions.

The Company generated higher positive cash flows from operating activities in the first six months of fiscal 1994 as compared to the corresponding period in the prior year, primarily due to improved profitability.

Cash used for investing activities increased during the first half of fiscal 1994 as compared to the corresponding period of the prior year primarily due to the purchase of mortgage notes discussed above, as well as the acquisition of an additional 60% ownership of the distribution entity for the Company's products in Italy. The Company expects to continue to invest in capital assets and capitalized software development activities to support its growth.

The Company has announced plans to repurchase up to 10 million shares of Common Stock on the open market to reduce the dilutive effect of the Company's stock plans. During the first half of fiscal 1994, the Company repurchased 1,730,000 shares of the Company's Common Stock for approximately $49,626,000. As of November 30, 1993, the Company has repurchased a total of 4,937,000 shares for approximately $93,253,000.

The Company anticipates that its current cash balances as well as anticipated cash flows from operations will be sufficient to meet its working capital needs at least through the next twelve months.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Class action and derivative lawsuits were filed in the United States District Court, Northern District of California, on and after March 29, 1990. The class actions were brought by and on behalf of purchasers of the Common Stock of the Company (and purchasers of call options for the Company's Common Stock) during the period July 11, 1989 through September 26, 1990, and name as defendants the Company and certain of its present and former officers and directors. Plaintiffs in the class action allege that during the class period the defendants violated federal securities laws and state common law by artificially inflating the price of the Company's Common Stock (and call options for the Company's Common Stock) through alleged misrepresentations and nondisclosures regarding the Company's actual and prospective financial condition. The derivative lawsuits were brought by Company stockholders, allegedly on behalf of the Company, against certain of the Company's present and former officers and directors. The derivative suit claims that these officers and directors breached their fiduciary duties to the Company and its stockholders through similar alleged misrepresentations and nondisclosures, and by selling the Company's securities while allegedly in possession of material nonpublic information. Collectively, the plaintiffs in the suits sought compensatory and other damages and disgorgement of profits from the individual defendants. The plaintiffs in the derivative suit also sought to order a new election of directors of the Company. An action against the Company's independent auditors, containing allegations related to those alleged in the class action, was filed on April 2, 1991 and was consolidated with the pending class action and derivative lawsuits. The Court has conditionally certified a plaintiff class consisting of purchasers of Common Stock (and call options for the Common Stock) of the Company during the period from July 11, 1989 through September 26, 1990.

On February 1, 1993, all parties entered into agreements to settle the class action and derivative lawsuits. The class agreement provides for payment by the Company of $23.25 million in five equal installments of $4.65 million. The first installment was paid in February 1993, the second installment was paid in June 1993, and the third installment was paid in October 1993. Payments have been made to a custodial account for disbursement upon order of the Court. The remaining installments will be paid on January 15, 1994 and April 15, 1994. The derivative agreement provides for payment by the Company of up to $750,000 in attorney's fees if so ordered by the Court.

On August 9, 1993, the Court found that the class settlement was "reasonable," but declined to rule on the derivative settlement until after a special committee of the Company's Board had been advised by independent counsel regarding the proposed derivative settlement. Because approval of the class action settlement is contingent upon the approval of the derivative settlement under the terms on the settlement agreements, the Court did not approve the class settlement. The Court stated that it was prepared to approve the class settlement if the Company were to waive the approval contingency. The parties have agreed to extend to January 18, 1994, the Company's time within which to waive the approval contingency should it choose to do so. In the interim, a special committee was formed which retained independent counsel to review the proposed derivative settlement. Upon completion of the independent counsel's review, the special committee submitted a report to the Court on November 5, 1993 recommending that the settlement be approved as reasonable. On November 19, 1993, the Court held a status conference to consider the special committee's report and took the matter under submission.

On September 24, 1993, the Securities and Exchange Commission concluded a private investigation into disclosure, accounting, and trading issues at the Company by filing a complaint in the United States District Court, Northern District of California. The complaint alleged violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934 and Rules 12b-20, 13a-1, and 13a-13 promulgated thereunder, which impose certain financial disclosure and internal recordkeeping obligations on the Company. The Commission alleged that the Company issued inaccurate financial reports during the period from August 1989 through November 1990 due to inadequate internal accounting controls. The complaint did not allege any fraud or internal wrongdoing.

Without admitting any wrongdoing, the Company agreed to conclude the matter by consenting to entry of a final judgment enjoining future violations of those sections and rules, and imposing a civil penalty of $100,000. The penalty was paid on October 27, 1993. The final judgment was approved and entered by the Court on October 20, 1993.

ITEM 2. CHANGES IN SECURITIES

On December 3, 1990, the Company's Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock, par value $.01 per share (the "Common Stock"), of the Company. The description and terms of such Rights were set forth in a Rights Agreement dated December 3, 1990 (the "Rights Agreement"), between the Company and Bank of America, N.T.&S.A., as Rights Agent. Pursuant to the terms of the Rights Agreement, each Right entitled the registered holder to purchase from the Company one two-thousandth (adjusted to reflect a 2-for-1 stock split of the Common Stock) of a share of Series A Junior Participating Preferred Stock, par value $.01 per share (the "Preferred Shares"), of the Company at a price (the "Purchase Price"), of $30.00 per one two-thousandth of a Preferred Share, if certain events related to an unsolicited takeover attempt occurred. The Preferred Shares were structured so that the value of one two-thousandth of a Preferred Share approximated the value of one share of Common Stock.

Since December 3, 1990, the trading price of the Common Stock has experienced a significant increase. As a result, the original Purchase Price is currently less than the trading price. This trading price increase has caused the anti-takeover protection provided under the Rights Agreement to become less effective. For this reason, on January 10, 1994, the Company's Board of Directors approved Amendment Number One (the "Amendment") to the Rights Agreement, pursuant to which the Purchase Price was increased to $125 per one two-thousandth of a Preferred Share. This change provides the Company with the anti-takeover protection originally contemplated by the Rights Agreement. In addition, the Amendment clarifies the definition of an "Acquiring Person" with respect to Lawrence J. Ellison to permit Mr. Ellison (and his affiliates and associates) to acquire Common Stock from the Company without Mr. Ellison becoming an "Acquiring Person" under the Rights Agreement. The existence of an "Acquiring Person" triggers the anti-takeover protection provided under the Rights Agreement. A complete description of the terms of the Rights and the Rights Agreement, prior to the amendment described above, is set forth in the Company's Form 8-A filed with the Securities and Exchange Commission on December 10, 1990. Upon execution of such amendment, which is expected to occur in the near future, the Company will file a Form 8-A/A describing the Rights and the Rights Agreement, as so amended.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On October 11, 1993, the Company held its Annual Meeting of Stockholders. At the meeting, the stockholders elected as directors Lawrence J. Ellison (with 234,351,752 affirmative votes, 24,650 broker non-votes and 1,024,634 votes withheld), James A. Abrahamson (with 234,349,708 affirmative votes, 24,650 broker non-votes and 1,026,678 votes withheld), Donald L. Lucas (with 234,332,308 affirmative votes, 24,650 broker non-votes and 1,044,078 votes withheld), Joseph B. Costello (with 234,371,108 affirmative votes, 24,650 broker non-votes and 1,005,278 votes withheld) and Delbert W. Yocam (with 234,370,248 affirmative votes, 24,650 broker non-votes and 1,006,138 votes withheld).

In addition, the stockholders approved the adoption of the Company's 1993 Directors' Stock Option Plan and the reservation of 1,000,000 shares of common stock for issuance thereunder (with 193,414,758 affirmative votes, 41,275,972 negative votes, 24,650 broker non-votes and 685,656 votes withheld).

The stockholders approved an amendment to the Company's 1991 Long-Term Equity Incentive Plan increasing the number of shares of common stock reserved for issuance thereunder by 8,000,000 shares (with 174,370,488 affirmative votes, 59,796,658 negative votes, 26,650 broker non-votes and 1,207,240 votes withheld).

The stockholders approved an amendment to the Company's Employee Stock Purchase Plan (1992) increasing the number of shares of common stock reserved for issuance thereunder by 4,000,000 shares (with 228,223,026 affirmative votes, 6,559,726 negative votes, 24,650 broker non-votes and 593,634 votes withheld).

The stockholders approved an amendment to the Company's Certificate of Incorporation increasing the number of authorized shares of the Company's common stock to 400,000,000 (with 225,343,190 affirmative votes, 9,477,996 negative votes, 24,650 broker non-votes and 555,200 votes withheld).

The stockholders also ratified the appointment of Arthur Andersen & Co. as the Company's independent public accountants for fiscal year 1994 (with 235,063,186 affirmative votes, 94,794 negative votes, 4,650 broker non-votes and 238,406 votes withheld).

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3.09	Certificate of Amendment to Oracle Systems Corporation Certificate of Incorporation dated November 4, 1993.
10.13	1993 Oracle Corporation Deferred Compensation Plan.

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Oracle Systems Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ORACLE SYSTEMS CORPORATION

Dated: January 11, 1994

By: LAWRENCE J. ELLISON
Lawrence J. Ellison,
President and Chief Executive Officer

Dated: January 11, 1994

By: JEFFREY O. HENLEY
Jeffrey O. Henley,
Executive Vice President and Chief Financial Officer

Dated: January 11, 1994

By: THOMAS A. WILLIAMS
Thomas A. Williams,
Chief Accounting Officer

ORACLE SYSTEMS CORPORATION

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3.09	Certificate of Amendment to Oracle Systems Corporation Certificate of Incorporation dated November 4, 1993.	
10.13	1993 Oracle Corporation Deferred Compensation Plan.	

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EXHIBIT 3.09

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION

Oracle Systems Corporation, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is Oracle Systems Corporation, and the date of filing of its original Certificate of Incorporation with the Secretary of State was October 29, 1986.

2. Article 4 of the Certificate of Incorporation is amended to read, in full, as follows:

"The total number of shares of stock of all classes which the Corporation has the authority to issue is 401,000,000, consisting of 400,000,000 shares of Common Stock with a par value of $0.01 per share, and 1,000,000 shares of Preferred Stock with a par value of $0.01 per share."

3. This Certificate of Amendment of Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Oracle Systems Corporation has caused this Certificate to be signed and attested by its duly authorized officers as of this 4th day of November, 1993.

ORACLE SYSTEMS CORPORATION,
a Delaware corporation

By: RAYMOND L. OCAMPO, JR.
Raymond L. Ocampo, Jr.,
Senior Vice President, General Counsel
& Corporate Secretary

ATTEST:

By: L. PATRICIA MONCADA
L. Patricia Moncada, Assistant Secretary

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EXHIBIT 10.13

ORACLE CORPORATION

1993 DEFERRED COMPENSATION PLAN

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ORACLE CORPORATION

1993 DEFERRED COMPENSATION PLAN

Oracle Corporation, a California Corporation (referred to hereafter as the "Employer") hereby establishes an unfunded plan for the purpose of providing deferred compensation for a select group of management and highly compensated employees.

RECITALS

WHEREAS, those employees identified by the Compensation Committee of the Board of Directors of the Employer or any other committee designated by the Board of Directors of the Employer to administer this Plan in accordance with Section 8 hereof (hereinafter referred to as the "Committee") as eligible to participate in this Plan (each of whom are referred to hereafter as the "Employee" or collectively as the "Employees") are employed by Employer; and

WHEREAS, Employer desires to adopt an unfunded deferred compensation plan and the Employees desire the Employer to pay certain deferred compensation and/or related benefits to or for the benefit of Employees, or a designated Beneficiary, or both;

NOW THEREFORE, the Employer hereby establishes this deferred compensation plan.

SECTION 1

DEFINITIONS

1.1 "Account" shall mean the separate account(s) established under this Plan and the Trust for each participating Employee. Employer shall furnish each participant with an annual statement of his or her account balance.

1.2 "Actuary" shall mean the actuaries (if any) for the Plan as selected by the Committee. Any Actuary shall be required to be an enrolled actuary, as that term is used in Section 3042 of the Employee Retirement Income Security Act of 1974, as amended.

1.3 "Beneficiary" shall mean the Beneficiary designated by the Employee to receive Employee's deferred compensation benefits in the event of his or her death.

1.4 "Change in Control" shall have the meaning set forth in Section 5.1 of the Plan.

1.5 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time, and the rules and regulations promulgated thereunder.

1.6 "Committee" shall mean the Compensation Committee of the Board of Directors of the Employer or any other committee designated by the Board of Directors of the Employer to administer this Plan in accordance with Section 8 hereof.

1.7 "Effective Date" shall mean the date of execution of the Plan.

1.8 "Employee" shall mean each employee of Employer designated by Employer to be entitled to deferred compensation pursuant to this Plan; references to Employee herein shall include references to an Employee's Beneficiary where the context so requires.

1.9 "Employer" shall mean Oracle Corporation, a California Corporation, and any successor organization thereto.

1.10 "Hardship" shall have the meaning set forth in Section 3.5 of the Plan.

1.11 "Plan" shall mean Oracle Corporation 1993 Deferred Compensation Plan.

1.12 "Permanent Disability" shall mean that the Employee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or otherwise meets the definition of "Permanent Disability" as set forth in the Employer's Long Term Disability Plan. An Employee will not be considered to have a Permanent Disability unless he or she furnishes proof of such condition sufficient to satisfy the Employer, in its sole discretion.

1.13 "Trust" or "Trust Agreement" shall mean Oracle Corporation 1993 Deferred Compensation Plan Trust Agreement, including any amendments thereto, entered into between the Employer and the Trustee to carry out the provisions of the Plan.

1.14 "Trust Fund" shall mean the cash and other properties held and administered by Trustee pursuant to the Trust to carry out the provisions of the Plan.

1.15 "Trustee" shall mean the designated Trustee acting at any time under the Trust.

1.16 "Year of Employment" shall mean any twelve (12) consecutive month period in which an Employee is employed by Employer for more than 1,000 hours of service, commencing with the Employee's date of hire.

SECTION 2
ELIGIBILITY

2.1 Eligibility. Excepting the first year of the Plan, eligibility to participate in the Plan shall be limited to Employees of the Employer whose (i) base salary during the calendar year in which compensation is to be deferred or (ii) wages reported on the employee's Wage and Tax Statement on Form W-2 for the calendar year previous to such calendar year equals or exceeds $150,000, except that the Committee (or its designee) may select such other employees as it deems appropriate. For purposes of this Section 2.1 and Appendix 3 hereto, "base salary" means an Employee's regular annual compensation for a calendar year, determined as of the first day of that year, excluding bonuses, commissions, overtime, incentive payments, non-monetary awards, and other special compensation, before reduction for compensation deferred pursuant to all qualified and non-qualified plans of the Employer. The Committee shall designate Employees who shall be covered by this Plan in a separate Acknowledgment (in the form attached hereto as Appendix 1) for each such Employee. Participation in the Plan shall commence as of the date such Acknowledgment is signed by the Employee and delivered to the Employer, provided that deferral of compensation under the Plan shall not commence until the Employee has complied with the election procedures set forth in Section 3.3. Nothing in the Plan or in this Acknowledgment should be construed to require any contributions to the Plan on behalf of the Employee by Employer.

SECTION 3
DEFERRED COMPENSATION

3.1 Deferred Compensation. Each participating Employee may elect, in accordance with Section 3.3 of this Plan, to defer annually the receipt of a portion of the compensation otherwise payable to him or her by Employer during each year or portion of a year that the Employee shall be employed by the Employer. Any compensation deferred pursuant to this Section shall be recorded by the Employer in an Account, maintained in the name of the Employee, which Account shall be credited with a dollar amount equal to the total amount of compensation deferred during each calendar year under the Plan together with earnings thereon credited in accordance with Section 3.7. The amount or percentage of compensation that Employee elects to defer under this Section 3.1 will remain constant until suspended or modified by the filing of another election with the Employer by the Employee in accordance with Section 3.3 of the Plan. All deferrals pursuant to this Section 3.1 shall be fully vested at all times. No election will be permitted that provides for deferral of an amount (or a percentage which the Committee determines will result in deferral of an amount) less than $5,000 during any calendar year.

3.2 Payment Of Account Balances. (a) The Employee shall elect whether he or she will receive distribution of his or her entire Account (i) upon reaching age 59 1/2, or (ii) upon termination of employment of Employee with Employer. Such election shall be made at the time that the Employee elects to participate in the Plan and no modifications to such election shall be permitted thereafter. The Employee shall determine whether Employee will receive distribution of all amounts payable to him or her in a lump sum or in installments over a designated period of years, pursuant to the provisions of paragraph (d) of this Section.

(b) Upon termination of Employee's employment with Employer by reason of death or Permanent Disability prior to the date when payment of Account balances otherwise would commence under the provisions of Section 3.2(a), Employee or Employee's designated Beneficiary will be entitled to receive all amounts credited to the Account(s) of Employee as of the date of his or her death or Permanent Disability (notwithstanding any election to receive distributions under clause (i) of Section 3.2(a)). Upon termination of Employee's employment with Employer by reason other than death or Permanent Disability prior to the date when payment of Account balances otherwise would commence under the provisions of Section 3.2(a), the Employer may, in the sole discretion of the Committee, distribute to Employee or Employee's designated Beneficiary all amounts credited to the Employee's Account as of the date of such termination (notwithstanding any election to receive distributions under clause (i) of Section 3.2(a)). Said amounts shall be payable in a lump sum or in installments over a designated period of years, pursuant to the provisions of paragraph (d) of this Section.

(c) Upon the death of Employee prior to complete distribution to him or her of the entire balance of his or her Account (and after the date of termination of employment with Employer), the balance of his or her Account(s) on the date of death shall be payable to Employee's designated Beneficiary pursuant to paragraph (d) of this Section.

(d) The Employer shall distribute or direct distribution of the amounts credited to Employee's Account, including earnings (if any) credited thereto pursuant to Section 3.7, in a lump sum, or in installments over a period of five (5) years or ten (10) years as Employee shall designate. Distribution shall be made or commence on the first day of the month next following (i) the date specified in clause (i) of Section 3.2(a), if the Employee has elected to receive distribution under such clause, (ii) the date upon which Employee's employment with Employer terminates in the event of a distribution pursuant to paragraphs (a) or (b) of this Section 3.2 (other than a distribution governed by clause (i)), or (iii) the date of Employee's death in the event of a distribution pursuant to paragraph (c) of this Section 3.2. Subsequent installments, if any, shall be made on each quarter-annual anniversary date of the date of the first installment as determined by Employee. Each such installment, if any, shall include interest or other earnings credited to the Employee's balance of the Account remaining unpaid. The Employee's distribution election shall be in the form attached hereto as Appendix 2.

3.3 Election To Defer Compensation. The Employee's election to defer compensation as provided in Section 3.1 of this Plan shall be in writing, signed by the Employee, and delivered to Employer, together with all other documents required under the preceding provisions of this Plan to be submitted herewith, at least twenty (20) days prior to January 1 of the calendar year in which the compensation to be deferred is otherwise payable to Employee; provided, however, that Employee shall have thirty (30) days from the date that this Plan is adopted within which to make an election in calendar year 1993 (which election shall be effective commencing twenty (20) days following receipt by the Employer of Employee's election and all other documents required under the preceding provisions of this Plan to be submitted herewith). Such election (and any subsequent election) will continue until suspended or modified in writing delivered by Employee to Employer, which new election shall only apply to compensation otherwise payable to Employee after the end of the calendar year in which such election is delivered to Employer. Any deferral election made by Employee shall be irrevocable with respect to any compensation covered by such election, including the compensation payable in the calendar year in which the election suspending or modifying the prior deferral election is delivered to Employer. Absent a suspension or modification election, such original election shall remain in effect from year to year until the date for distribution of the Employee's Account elected under Section 3.1. The Employer shall withhold the amount or percentage of base salary specified to be deferred in equal amounts for each payroll period and shall withhold the amount or percentage of cash bonus specified to be

deferred at the time or times such bonus is or otherwise would be paid to the Employee. The election to defer compensation shall be in the form attached as Appendix 3.

3.4 Payment Upon Change in Control. Notwithstanding any other provisions of this Plan, the aggregate balance credited to and held in the Employee's Account shall be distributed to the Employee in a lump sum within thirty (30) days of Change in Control, as defined in Section 5.1.

3.5 Hardship. An Employee shall be entitled to distributions from his or her Account to the extent that the Employee demonstrates to the reasonable satisfaction of the Committee that he or she needs the funds due to Hardship. For purposes of this Section 3.5, a distribution is made on account of Hardship only if the distribution is made on account of an immediate and heavy financial need of the Employee, is necessary to satisfy the financial need, and if the financial need was not reasonably foreseeable by the Employee. Whether an Employee has an immediate and heavy financial need shall be determined by the Committee based on all relevant facts and circumstances, and shall include, but not be limited to: the need to pay funeral expenses of a family member; the need to pay expenses for medical care for Employee, the Employee's spouse or any dependent of Employee; or payments necessary to prevent the eviction of Employee from Employee's principal residence or foreclosure on the mortgage on that residence.

3.6 Employee's Rights Unsecured. The right of the Employee or his or her designated Beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Employer, and neither the Employee nor his or her designated Beneficiary shall have any rights in or against any amount credited to his or her Account or any other specific assets of the Employer, except as otherwise provided in the Trust.

3.7 Investment of Contribution. (a) All amounts credited to an Account shall be credited with the actual earnings (hereinafter and previously sometimes referred to as "interest or other earnings") generated by such amounts, from investments made by the Trustee, until the Account has been fully distributed to the Employee or to the Beneficiary designated by the Employee in a writing delivered to the Employer.

(b) Employer shall credit interest or other earnings on investment of amounts in any and all Accounts to the respective Account on the date received until final distribution of the Account.

SECTION 4
DESIGNATION OF BENEFICIARY

4.1 Designation of Beneficiary. Employee may designate a Beneficiary or beneficiaries to receive any amount due hereunder by Employee via written notice thereof to Employer at any time prior to his or her death and may revoke or change the Beneficiary designated therein without the Beneficiary's consent by written notice delivered to Employer at any time and from time to time prior to Employee's death, provided that any such designation or change of designation naming a Beneficiary other than the Employee's spouse shall be effective in the case of an Employee resident in a community property state only if spousal consent is provided. If Employee shall have failed to designate a Beneficiary, or if no such Beneficiary shall survive him or her, then such amount shall be paid to his or her estate. Designations of beneficiaries shall be in the form attached hereto as Appendix 4.

SECTION 5
CHANGE IN CONTROL

5.1 Change in Control. For purposes of this Plan, a Change in Control shall mean the purchase or other acquisition by any person, entity, or group of persons, within the meaning of section 13(d) or 14(d) of the Securities Exchange Act of 1934 ("Act"), or any comparable successor provisions, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 50 percent of more of either the outstanding shares of common stock or the combined voting power of Employer's then outstanding voting securities entitled to vote generally, or the approval by the stockholders of Employer of a reorganization,

merger, or consolidation, in each case, with respect to which persons who were stockholders of Employer immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated Employer's then outstanding securities, or a liquidation or dissolution of Employer or of the sale of all or substantially all of Employer's assets.

SECTION 6

TRUST PROVISIONS

6.1 Trust Agreement. The Employer may establish the Trust for the purpose of retaining assets set aside by Employer pursuant to the Trust Agreement for payment of all or a portion of the amounts payable pursuant to the Plan. Any benefits not paid from the Trust shall be paid from Employer's general funds, and any benefits paid from the Trust shall be credited against and reduce by a corresponding amount the Employer's liability to Employees under the Plan. All Trust Funds shall be subject to the claims of general creditors of the Employer in the event the Employer is Insolvent as defined in Section 3 of the Trust Agreement. The obligations of the Employer to pay benefits under the Plan constitute an unfunded, unsecured promise to pay and Employees shall have no greater rights than general creditors of the Employer.

SECTION 7
AMENDMENT AND TERMINATION

7.1 Amendment. The Committee shall have the right to amend this Plan at any time and from time to time, including a retroactive amendment. Any such amendment shall become effective upon the date stated therein, and shall be binding on all Employees, except as otherwise provided in such amendment; provided, however, that said amendment shall not affect benefits adversely to the affected Employee without the Employee's written approval. Benefits accruing to an Employee pursuant to any employment agreement in effect between Employer and Employee which entitles the Employee to participate in and to certain rights under this Plan shall not be affected by an amendment of this Plan.

SECTION 8
ADMINISTRATION

8.1 Administration. The Committee shall administer and interpret this Plan in accordance with the provisions of the Plan and the Trust Agreement. Any determination or decision by the Committee shall be conclusive and binding on all persons who at any time have or claim to have any interest whatever under this Plan.

8.2 Liability of Committee, Indemnification. To the extent permitted by law, the Committee shall not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan unless attributable to his or her own bad faith or willful misconduct.

8.3 Expenses. The costs of the establishment of the Plan and the adoption of the Plan by Employer, including but not limited to legal and accounting fees, shall be borne by Employer. The expenses of administering the Plan shall be borne by the Trust; provided, however, that Employer shall bear, and shall not be reimbursed by, the Trust for any tax liability of Employer associated with the investment of assets by the Trust.

SECTION 9

GENERAL AND MISCELLANEOUS

9.1 Rights Against Employer. Except as expressly provided by the Plan, the establishment of this Plan shall not be construed as giving to any Employee or to any person whomsoever, any legal, equitable or other

rights against the Employer, or against its officers, directors, agents or shareholders, or as giving to any Employee or Beneficiary any equity or other interest in the assets, business or shares of Employer stock or giving any Employee the right to be retained in the employment of the Employer. All Employees shall be subject to discharge (with or without cause) to the same extent they would have been if this Plan had never been adopted. The rights of an Employee hereunder shall be solely those of an unsecured general creditor of the Employer.

9.2 Assignment or Transfer. No right, title or interest of any kind in the Plan shall be transferable or assignable by any Employee or Beneficiary or be subject to alienation, anticipation, encumbrance, garnishment, attachment, execution or levy of any kind, whether voluntary or involuntary, nor subject to the debts, contracts, liabilities, engagements, or torts of the Employee or Beneficiary. Any attempt to alienate, anticipate, encumber, sell, transfer, assign, pledge, garnish, attach or otherwise subject to legal or equitable process or encumber or dispose of any interest in the Plan shall be void.

9.3 Severability. If any provision of this Plan shall be declared illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions of this Plan but shall be fully severable, and this Plan shall be construed and enforced as if said illegal or invalid provision had never been inserted herein.

9.4 Construction. The article and section headings and numbers are included only for convenience of reference and are not to be taken as limiting or extending the meaning of any of the terms and provisions of this Plan. Whenever appropriate, words used in the singular shall include the plural or the plural may be read as the singular. When used herein, the masculine gender includes the feminine gender.

9.5 Governing Law. The validity and effect of this Plan and the rights and obligations of all persons affected hereby shall be construed and determined in accordance with the laws of the State of California unless superseded by federal law, which shall govern correspondingly.

9.6 Payment Due to Incompetence. If the Committee receives evidence that an Employee or Beneficiary entitled to receive any payment under the Plan is physically or mentally incompetent to receive such payment, the Committee may, in its sole and absolute discretion, direct the payment to any other person or Trust which has been legally appointed by the courts.

9.7 Taxes. All amounts payable hereunder shall be reduced by any and all federal, state, and local taxes imposed upon Employee or his or her Beneficiary which are required to be paid or withheld by Employer. The determination of Employer regarding applicable income and employment tax withholding requirements shall be final and binding on Employee.

9.8 Insurance. In the event that any Employee elects, in his or her sole discretion, to independently purchase an insurance policy covering the inability of the Plan or the Trust to make any payments to which Employee is entitled under the Plan or the Trust, the Employer shall use its best efforts to facilitate the payment by Employee of any excise taxes which become due as the result of the payment of premiums under such policy. Nothing contained herein shall be construed as an endorsement by the Employer of the purchase of such a policy or a recommendation by the Employer that the purchase of such a policy is necessary or desirable as the result of Employee's participation in the Plan.

9.9 Attorney's Fees. Employer shall pay the reasonable attorney's fees incurred by any Employee in an action brought against Employer to enforce Employee's rights under the Plan, provided that such fees shall only be payable in the event that the Employee prevails in such action.

APPENDIX 1
ACKNOWLEDGMENT

The undersigned Employee hereby acknowledges that Employer has selected him or her as a participant in Oracle Corporation 1993 Deferred Compensation Plan, subject to all terms and conditions of the Plan, a copy of which has been received, read, and understood by the Employee in conjunction with executing this Acknowledgment. Employee acknowledges that he or she has had satisfactory opportunity to ask questions regarding his or her participation in the Plan and has received satisfactory answers to any questions asked. Employee also acknowledges that he or she has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of participation in the Plan. Employee understands that his or her participation in the Plan shall not begin until this Acknowledgment has been signed by Employee and returned to Employer.

Please check the box if the following statement is true:

/ / My income exceeded $200,000 (or my joint income with my spouse exceeded $300,000) in each of the calendar years 1991 and 1992, and I reasonably expect $200,000 of income in calendar year 1993 (or $300,000 of joint income with my spouse), or my net worth (or my joint net worth with my spouse) exceeds $1,000,000.

Dated:

Signed:
Employee

Dated:
Oracle Corporation
Signed:
[Officer]

APPENDIX 2
DISTRIBUTION ELECTION

Pursuant to Section 3.3 of the Oracle Corporation 1993 Deferred Compensation Plan (the "Plan"), I hereby elect to have all amounts credited to my Account, together with any interest or other earnings credited thereon, distributed to me on the terms elected below:

I elect to have any distributions of money covered by this Plan paid to me:

/ / upon reaching age 59 1/2

/ / upon termination of employment

I elect to have any distribution of money covered by an election to receive distribution paid to me in:

/ / A lump sum

/ / An annuity of twenty (20) quarter-annual installments determined as of each installment date by dividing the entire amount in my Account (including interest and other earnings) by the number of installments then remaining to be paid.

/ / An annuity of forty (40) quarter-annual installments determined as of each installment date by dividing the entire amount in my Account (including interest and other earnings) by the number of installments then remaining to be paid.

Dated:
Signed:

APPENDIX 3

ELECTION OF DEFERRAL

I elect, pursuant to Section 3.1 of the Oracle Corporation 1993 Deferred Compensation Plan (the "Plan"), to make the following deferral with respect to compensation earned following the date of this election:

<TABLE>

<S>	<C>
%	of base salary, net of any employee stock purchase plan contributions, 401(k) plan contributions, and any applicable employment taxes, payable to me by Oracle Corporation (Employer), but in no event less than $5,000, or
$	of base salary payable to me by Employer and/or
%	of any cash bonus paid to me by Employer.

</TABLE>

This election shall take effect for each calendar year. It may be terminated by me only with written notice. If termination is not submitted by the last day of any calendar year, the election shall take effect for the calendar year following the year in which such termination is submitted, and shall remain in effect for the calendar year following the year in which such termination is submitted. The deferral of compensation hereby elected is subject to all of the terms and conditions of the Plan and of the Oracle Corporation 1993 Deferred Compensation Plan Trust Agreement, copies of which I have been given by the Employer, and which I have read and understood.

Dated:

Signed:

APPENDIX 4

BENEFICIARY DESIGNATION

In the event I should die prior to the receipt of all money accrued to my credit under this election, I elect to have the balance paid to the following named individual(s) in the following percentages(s):

<TABLE>

<S>	<C>
----%	--
----%	--
----%	--
Dated:	--
Signed:	--

</TABLE>

TO BE COMPLETED ONLY WHERE ANY ABOVE NAMED BENEFICIARY IS NOT MY SPOUSE:

I, as the spouse of   , do hereby consent to designation of any beneficiary that might in any way impair my rights under applicable state law, including but not limited to, laws relating to Community Property, Wills, Trusts, and Intestacy.