

ORACLE CORP /DE/
Form 10-Q/A
December 27, 2005
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q /A

Amendment No. 1

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 31, 2005

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

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Oracle Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-2871189
(IRS Employer
Identification no.)

500 Oracle Parkway

Redwood City, California 94065

(Address of principal executive offices, including zip code)

(650) 506-7000

(Registrant's telephone number, including zip code)

Indicate by check mark whether the registrant (1) has 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 NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES NO

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The number of shares of registrant's common stock outstanding as of September 26, 2005 was: 5,151,824,100.

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EXPLANATORY NOTE

We are filing this Amendment No. 1 to our quarterly report on Form 10-Q for the period ended August 31, 2005 to modify Part I, Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, in response to comments we received from the Staff of the Securities and Exchange Commission in connection with our proposed acquisition of Siebel Systems, Inc.

The changes to our MD&A (1) quantify the effect our January 2005 acquisition of PeopleSoft, Inc. had on our revenues and (2) remove non-GAAP Net Income and non-GAAP Earnings Per Share Diluted data, which eliminated purchase accounting adjustments and other significant expenses incurred in connection with acquisitions. We direct readers to the cautionary note regarding our quantification of the PeopleSoft acquisition's effect on our revenues and our presentation of supplemental disclosure related to acquisition accounting contained in the introductory paragraph under the caption *Results of Operations*.

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ORACLE CORPORATION

FORM 10-Q QUARTERLY REPORT

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****ORACLE CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS**

As of August 31, 2005 and May 31, 2005

(Unaudited)

(in millions, except per share data)	August 31, 2005	May 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,790	\$ 3,894
Marketable securities	842	877
Trade receivables, net of allowances of \$260 and \$269	1,651	2,570
Other receivables	196	330
Deferred tax assets	476	486
Prepaid expenses and other current assets	234	291
	<u>7,189</u>	<u>8,448</u>
Total current assets		
Non-current assets:		
Property, net	1,404	1,442
Intangible assets, net	3,340	3,373
Goodwill	7,215	7,003
Deferred tax assets	32	32
Other assets	416	389
	<u>12,407</u>	<u>12,239</u>
Total non-current assets		
Total assets		
	<u>\$ 19,596</u>	<u>\$ 20,687</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 1,522	\$ 2,693
Accounts payable	228	230
Income taxes payable	706	904
Accrued compensation and related benefits	630	923
Accrued restructuring	117	156
Deferred revenues	2,630	2,289
Deferred tax liabilities	6	12
Other current liabilities	708	856
	<u>6,547</u>	<u>8,063</u>
Total current liabilities		

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Non-current liabilities:		
Notes payable and long-term debt, net of current portion	157	159
Deferred tax liabilities	978	1,010
Accrued restructuring	107	120
Deferred revenues	108	126
Other long-term liabilities	368	372
Total non-current liabilities	1,718	1,787
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value authorized: 1.0 shares; outstanding: none		
Common stock, \$0.01 par value and additional paid in capital authorized: 11,000 shares; outstanding: 5,149 shares at August 31, 2005 and 5,145 shares at May 31, 2005	6,792	6,596
Retained earnings	4,334	4,043
Deferred compensation	(37)	(45)
Accumulated other comprehensive income	242	243
Total stockholders' equity	11,331	10,837
Total liabilities and stockholders' equity	\$ 19,596	\$ 20,687

See notes to condensed consolidated financial statements.

Table of Contents**ORACLE CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****For the Three Months Ended August 31, 2005 and 2004****(Unaudited)**

(in millions, except per share data)	Three Months Ended	
	August 31,	
	2005	2004
Revenues:		
New software licenses	\$ 629	\$ 563
Software license updates and product support	1,502	1,176
	<u>2,131</u>	<u>1,739</u>
Software revenues	2,131	1,739
Services	637	476
	<u>2,768</u>	<u>2,215</u>
Operating expenses:		
Sales and marketing	615	480
Software license updates and product support	161	136
Cost of services	562	419
Research and development	400	303
General and administrative	156	124
Amortization of intangible assets	123	9
Acquisition related	28	29
Restructuring	11	
	<u>2,056</u>	<u>1,500</u>
Total operating expenses	2,056	1,500
Operating income	712	715
Interest expense	(21)	(6)
Non-operating income, net	42	29
	<u>733</u>	<u>738</u>
Income before provision for income taxes	733	738
Provision for income taxes	214	229
	<u>519</u>	<u>509</u>
Net income	\$ 519	\$ 509
Earnings per share:		
Basic	\$ 0.10	\$ 0.10
	<u>0.10</u>	<u>0.10</u>
Diluted	\$ 0.10	\$ 0.10
	<u>0.10</u>	<u>0.10</u>
Weighted-average common shares outstanding:		
Basic	5,148	5,154

Diluted	<u>5,244</u>	<u>5,241</u>
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See notes to condensed consolidated financial statements.

Table of Contents**ORACLE CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****For the Three Months Ended August 31, 2005 and 2004****(Unaudited)**

(in millions)	Three Months Ended	
	August 31,	
	2005	2004
Cash Flows From Operating Activities:		
Net income	\$ 519	\$ 509
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	57	44
Amortization of intangible assets	123	9
Deferred income taxes	(46)	(24)
Minority interests in income	8	9
Amortization of stock-based compensation	12	
In-process research and development	7	
Net investment gains related to equity securities	(2)	
Changes in assets and liabilities, net of effects from acquisitions:		
Decrease in trade receivables	913	747
Decrease in prepaid expenses and other assets	154	139
Decrease in accounts payable and other liabilities	(451)	(328)
(Decrease) increase in income taxes payable	(172)	39
Increase in deferred revenues	336	270
Net cash provided by operating activities	1,458	1,414
Cash Flows From Investing Activities:		
Purchases of investments	(789)	(3,546)
Proceeds from maturities and sale of investments	827	1,923
Acquisitions, net of cash acquired	(309)	
Capital expenditures	(52)	(34)
Proceeds from sale of property	70	
Increase in other assets	(2)	(2)
Net cash used for investing activities	(255)	(1,659)
Cash Flows From Financing Activities:		
Payments for repurchase of common stock	(250)	(543)
Proceeds from issuance of common stock	158	27
Proceeds from borrowings	5,408	
Payments of debt	(6,590)	
Distributions to minority interests	(23)	(26)
Net cash used for financing activities	(1,297)	(542)
Effect of exchange rate changes on cash and cash equivalents	(10)	(2)

