

**ORACLE CORPORATION**  
**Q2 FISCAL 2019 FINANCIAL RESULTS**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(\$ in millions, except per share data)

	Three Months Ended November 30,				% Increase (Decrease) in US \$	% Increase (Decrease) in Constant Currency (1)
	2018	% of Revenues	2017	% of Revenues		
<b>REVENUES</b>						
Cloud services and license support	\$ 6,637	69%	\$ 6,461	67%	3%	5%
Cloud license and on-premise license	1,217	13%	1,331	14%	(9%)	(6%)
Hardware	891	9%	941	10%	(5%)	(3%)
Services	817	9%	856	9%	(5%)	(2%)
<b>Total revenues</b>	<b>9,562</b>	<b>100%</b>	<b>9,589</b>	<b>100%</b>	<b>0%</b>	<b>2%</b>
<b>OPERATING EXPENSES</b>						
Cloud services and license support	956	10%	893	9%	7%	9%
Hardware	332	4%	350	4%	(5%)	(2%)
Services	713	8%	717	8%	(1%)	2%
Sales and marketing	2,101	22%	2,088	22%	1%	3%
Research and development	1,475	15%	1,473	15%	0%	2%
General and administrative	299	3%	320	3%	(7%)	(5%)
Amortization of intangible assets	424	5%	400	4%	6%	6%
Acquisition related and other	18	0%	17	0%	7%	9%
Restructuring	143	1%	292	3%	(51%)	(50%)
<b>Total operating expenses</b>	<b>6,461</b>	<b>68%</b>	<b>6,550</b>	<b>68%</b>	<b>(1%)</b>	<b>1%</b>
<b>OPERATING INCOME</b>	<b>3,101</b>	<b>32%</b>	<b>3,039</b>	<b>32%</b>	<b>2%</b>	<b>5%</b>
Interest expense	(519)	(5%)	(475)	(5%)	9%	9%
Non-operating income, net	192	2%	262	2%	(26%)	(26%)
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	<b>2,774</b>	<b>29%</b>	<b>2,826</b>	<b>29%</b>	<b>(2%)</b>	<b>1%</b>
Provision for income taxes	441	5%	612	6%	(28%)	(28%)
<b>NET INCOME</b>	<b>\$ 2,333</b>	<b>24%</b>	<b>\$ 2,214</b>	<b>23%</b>	<b>5%</b>	<b>9%</b>
<b>EARNINGS PER SHARE:</b>						
Basic	\$ 0.63		\$ 0.53			
Diluted	\$ 0.61		\$ 0.52			
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>						
Basic	3,720		4,160			
Diluted	3,817		4,283			

(1) We compare the percent change in the results from one period to another period using constant currency disclosure. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the exchange rates in effect on May 31, 2018, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods. Movements in international currencies relative to the United States dollar during the three months ended November 30, 2018 compared with the corresponding prior year period decreased our revenues by 2 percentage points, operating expenses by 2 percentage points and operating income by 3 percentage points.

**ORACLE CORPORATION**  
**Q2 FISCAL 2019 FINANCIAL RESULTS**  
**RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)**  
(\$ in millions, except per share data)

	Three Months Ended November 30,						% Increase (Decrease) in US \$		% Increase (Decrease) in Constant Currency (2)	
	2018 GAAP	Adj.	2018 Non-GAAP	2017 GAAP	Adj.	2017 Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
<b>TOTAL REVENUES</b>	\$ 9,562	\$ 5	\$ 9,567	\$ 9,589	\$ 9	\$ 9,598	0%	0%	2%	2%
Cloud services and license support	6,637	5	6,642	6,461	9	6,470	3%	3%	5%	5%
<b>TOTAL OPERATING EXPENSES</b>	\$ 6,461	\$ (981)	\$ 5,480	\$ 6,550	\$ (1,122)	\$ 5,428	(1)%	1%	1%	3%
Sales and marketing (3)	2,101	(93)	2,008	2,088	(93)	1,995	1%	1%	3%	3%
Stock-based compensation (4)	303	(303)	-	320	(320)	-	(5)%	*	(5)%	*
Amortization of intangible assets (5)	424	(424)	-	400	(400)	-	6%	*	6%	*
Acquisition related and other	18	(18)	-	17	(17)	-	7%	*	9%	*
Restructuring	143	(143)	-	292	(292)	-	(51)%	*	(50)%	*
<b>OPERATING INCOME</b>	\$ 3,101	\$ 986	\$ 4,087	\$ 3,039	\$ 1,131	\$ 4,170	2%	(2)%	5%	0%
<b>OPERATING MARGIN %</b>	32%		43%	32%		43%	73 bp.	(74) bp.	86 bp.	(78) bp.
<b>INCOME TAX EFFECTS (6)</b>	\$ 441	\$ 258	\$ 699	\$ 612	\$ 385	\$ 997	(28)%	(30)%	(28)%	(28)%
<b>NET INCOME</b>	\$ 2,333	\$ 728	\$ 3,061	\$ 2,214	\$ 746	\$ 2,960	5%	3%	9%	6%
<b>DILUTED EARNINGS PER SHARE</b>	\$ 0.61		\$ 0.80	\$ 0.52		\$ 0.69	18%	16%	22%	19%
<b>DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>	3,817	-	3,817	4,283	-	4,283	(11)%	(11)%	(11)%	(11)%

(1) This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. For a detailed explanation of the adjustments made to comparable GAAP measures, the reasons why management uses these measures, the usefulness of these measures and the material limitations on the usefulness of these measures, please see Appendix A.

(2) We compare the percent change in the results from one period to another period using constant currency disclosure. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the exchange rates in effect on May 31, 2018, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods.

(3) Non-GAAP adjustments to sales and marketing expenses were as follows:

	Three Months Ended November 30,	
	2018	2017
Stock-based compensation (4)	\$ (93)	\$ (98)
Acquired deferred sales commissions amortization	-	5
Total non-GAAP sales and marketing adjustments	\$ (93)	\$ (93)

(4) Stock-based compensation was included in the following GAAP operating expense categories:

	Three Months Ended November 30, 2018			Three Months Ended November 30, 2017		
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP
Cloud services and license support	\$ 24	\$ (24)	\$ -	\$ 20	\$ (20)	\$ -
Hardware	2	(2)	-	3	(3)	-
Services	12	(12)	-	14	(14)	-
Research and development	222	(222)	-	237	(237)	-
General and administrative	43	(43)	-	46	(46)	-
Subtotal	303	(303)	-	320	(320)	-
Sales and marketing	93	(93)	-	98	(98)	-
Total stock-based compensation	\$ 396	\$ (396)	\$ -	\$ 418	\$ (418)	\$ -

(5) Estimated future annual amortization expense related to intangible assets as of November 30, 2018 was as follows:

Remainder of fiscal 2019	\$ 812
Fiscal 2020	1,500
Fiscal 2021	1,279
Fiscal 2022	1,019
Fiscal 2023	625
Fiscal 2024	383
Thereafter	485
Total intangible assets, net	\$ 6,103

(6) Income tax effects were calculated reflecting an effective GAAP tax rate of 15.9% and 21.7% in the second quarter of fiscal 2019 and 2018, respectively, and an effective non-GAAP tax rate of 18.6% and 25.2% in the second quarter of fiscal 2019 and 2018, respectively. The difference between our GAAP and non-GAAP tax rates in the second quarters of fiscal 2019 and 2018 was primarily due to the net tax effects on stock-based compensation expense and acquisition related items, including the tax effects of amortization of intangible assets.

\* Not meaningful

# ORACLE CORPORATION

## Q2 FISCAL 2019 YEAR TO DATE FINANCIAL RESULTS CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (\$ in millions, except per share data)

	Six Months Ended November 30,				% Increase (Decrease) in US \$	% Increase (Decrease) in Constant Currency (1)
	2018	% of Revenues	2017	% of Revenues		
<b>REVENUES</b>						
Cloud services and license support	\$ 13,246	71%	\$ 12,868	69%	3%	4%
Cloud license and on-premise license	2,083	11%	2,225	12%	(6%)	(4%)
Hardware	1,796	9%	1,884	10%	(5%)	(3%)
Services	1,630	9%	1,716	9%	(5%)	(3%)
<b>Total revenues</b>	<b>18,755</b>	<b>100%</b>	<b>18,693</b>	<b>100%</b>	<b>0%</b>	<b>2%</b>
<b>OPERATING EXPENSES</b>						
Cloud services and license support	1,870	10%	1,750	9%	7%	8%
Hardware	658	4%	722	4%	(9%)	(7%)
Services	1,428	8%	1,417	8%	1%	3%
Sales and marketing	4,140	22%	4,077	22%	2%	3%
Research and development	3,039	16%	3,045	16%	0%	1%
General and administrative	619	3%	638	4%	(3%)	(1%)
Amortization of intangible assets	858	5%	811	4%	6%	6%
Acquisition related and other	32	0%	28	0%	13%	15%
Restructuring	233	1%	416	2%	(44%)	(43%)
<b>Total operating expenses</b>	<b>12,877</b>	<b>69%</b>	<b>12,904</b>	<b>69%</b>	<b>0%</b>	<b>1%</b>
<b>OPERATING INCOME</b>	<b>5,878</b>	<b>31%</b>	<b>5,789</b>	<b>31%</b>	<b>2%</b>	<b>4%</b>
Interest expense	(1,048)	(6%)	(944)	(5%)	11%	11%
Non-operating income, net	484	3%	481	2%	1%	1%
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	<b>5,314</b>	<b>28%</b>	<b>5,326</b>	<b>28%</b>	<b>0%</b>	<b>2%</b>
Provision for income taxes	716	4%	968	5%	(26%)	(26%)
<b>NET INCOME</b>	<b>\$ 4,598</b>	<b>24%</b>	<b>\$ 4,358</b>	<b>23%</b>	<b>6%</b>	<b>9%</b>
<b>EARNINGS PER SHARE:</b>						
Basic	\$ 1.21		\$ 1.05			
Diluted	\$ 1.18		\$ 1.02			
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>						
Basic	3,812		4,158			
Diluted	3,908		4,283			

(1) We compare the percent change in the results from one period to another period using constant currency disclosure. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the exchange rates in effect on May 31, 2018, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods. Movements in international currencies relative to the United States dollar during the six months ended November 30, 2018 compared with the corresponding prior year period decreased our revenues by 2 percentage points, operating expenses by 1 percentage point and operating income by 2 percentage points.

**ORACLE CORPORATION**  
**Q2 FISCAL 2019 YEAR TO DATE FINANCIAL RESULTS**  
**RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)**  
(\$ in millions, except per share data)

	Six Months Ended November 30,						% Increase (Decrease) in US \$		% Increase (Decrease) in Constant Currency (2)	
	2018 GAAP	Adj.	2018 Non-GAAP	2017 GAAP	Adj.	2017 Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
<b>TOTAL REVENUES</b>	\$ 18,755	\$ 13	\$ 18,768	\$ 18,693	34	\$ 18,727	0%	0%	2%	2%
Cloud services and license support	13,246	13	13,259	12,868	34	12,902	3%	3%	4%	4%
<b>TOTAL OPERATING EXPENSES</b>	\$ 12,877	\$ (1,955)	\$ 10,922	\$ 12,904	\$ (2,060)	\$ 10,844	0%	1%	1%	3%
Sales and marketing (3)	4,140	(188)	3,952	4,077	(171)	3,906	2%	1%	3%	3%
Stock-based compensation (4)	644	(644)	-	634	(634)	-	2%	*	2%	*
Amortization of intangible assets (5)	858	(858)	-	811	(811)	-	6%	*	6%	*
Acquisition related and other	32	(32)	-	28	(28)	-	13%	*	15%	*
Restructuring	233	(233)	-	416	(416)	-	(44%)	*	(43%)	*
<b>OPERATING INCOME</b>	\$ 5,878	\$ 1,968	\$ 7,846	\$ 5,789	2,094	\$ 7,883	2%	0%	4%	1%
<b>OPERATING MARGIN %</b>	31%		42%	31%		42%	38 bp.	(29) bp.	50 bp.	(31) bp.
<b>INCOME TAX EFFECTS (6)</b>	\$ 716	\$ 656	\$ 1,372	\$ 968	895	\$ 1,863	(26%)	(26%)	(26%)	(25%)
<b>NET INCOME</b>	\$ 4,598	\$ 1,312	\$ 5,910	\$ 4,358	1,199	\$ 5,557	6%	6%	9%	8%
<b>DILUTED EARNINGS PER SHARE</b>	\$ 1.18		\$ 1.51	\$ 1.02		\$ 1.30	16%	17%	19%	19%
<b>DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>	3,908	-	3,908	4,283	-	4,283	(9%)	(9%)	(9%)	(9%)

(1) This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. For a detailed explanation of the adjustments made to comparable GAAP measures, the reasons why management uses these measures, the usefulness of these measures and the material limitations on the usefulness of these measures, please see Appendix A.

(2) We compare the percent change in the results from one period to another period using constant currency disclosure. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the exchange rates in effect on May 31, 2018, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods.

(3) Non-GAAP adjustments to sales and marketing expenses were as follows:

	Six Months Ended November 30,	
	2018	2017
Stock-based compensation (4)	\$ (188)	\$ (187)
Acquired deferred sales commissions amortization	-	16
Total non-GAAP sales and marketing adjustments	\$ (188)	\$ (171)

(4) Stock-based compensation was included in the following GAAP operating expense categories:

	Six Months Ended November 30, 2018			Six Months Ended November 30, 2017		
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP
Cloud services and license support	\$ 48	\$ (48)	\$ -	\$ 38	\$ (38)	\$ -
Hardware	5	(5)	-	6	(6)	-
Services	25	(25)	-	28	(28)	-
Research and development	479	(479)	-	472	(472)	-
General and administrative	87	(87)	-	90	(90)	-
Subtotal	644	(644)	-	634	(634)	-
Sales and marketing	188	(188)	-	187	(187)	-
Acquisition related and other	-	-	-	1	(1)	-
Total stock-based compensation	\$ 832	\$ (832)	\$ -	\$ 822	\$ (822)	\$ -

(5) Estimated future annual amortization expense related to intangible assets as of November 30, 2018 was as follows:

Remainder of fiscal 2019	\$ 812
Fiscal 2020	1,500
Fiscal 2021	1,279
Fiscal 2022	1,019
Fiscal 2023	625
Fiscal 2024	383
Thereafter	485
Total intangible assets, net	\$ 6,103

(6) Income tax effects were calculated reflecting an effective GAAP tax rate of 13.5% and 18.2% in the first half of fiscal 2019 and 2018, respectively, and an effective non-GAAP tax rate of 18.8% and 25.1% in the first half of fiscal 2019 and 2018, respectively. The difference between our GAAP and non-GAAP tax rates in the first half of fiscal 2019 was primarily due to the impact of the U.S. Tax Cuts and Jobs Act of 2017 (refer to Appendix A for additional information), the net tax effects on stock-based compensation expense, and acquisition related items, including the tax effects of amortization of intangible assets. The difference between our GAAP and non-GAAP tax rates in the first half of fiscal 2018 was primarily due to the net tax effects on stock-based compensation expense and acquisition related items, including the tax effects of amortization of intangible assets.

\* Not meaningful

**ORACLE CORPORATION**  
**Q2 FISCAL 2019 FINANCIAL RESULTS**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(\$ in millions)

	November 30, 2018	May 31, 2018
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 10,824	\$ 21,620
Marketable securities	38,567	45,641
Trade receivables, net	3,975	5,136
Prepaid expenses and other current assets	3,572	3,762
<b>Total Current Assets</b>	<b>56,938</b>	<b>76,159</b>
<b>Non-Current Assets:</b>		
Property, plant and equipment, net	6,003	5,897
Intangible assets, net	6,103	6,670
Goodwill, net	43,778	43,755
Deferred tax assets	1,482	1,395
Other non-current assets	4,014	3,975
<b>Total Non-Current Assets</b>	<b>61,380</b>	<b>61,692</b>
<b>TOTAL ASSETS</b>	<b>\$ 118,318</b>	<b>\$ 137,851</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities:</b>		
Notes payable and other borrowings, current	\$ 6,477	\$ 4,491
Accounts payable	587	529
Accrued compensation and related benefits	1,445	1,806
Deferred revenues	8,246	8,341
Other current liabilities	3,560	3,957
<b>Total Current Liabilities</b>	<b>20,315</b>	<b>19,124</b>
<b>Non-Current Liabilities:</b>		
Notes payable and other borrowings, non-current	51,561	56,128
Income taxes payable	13,001	13,429
Other non-current liabilities	2,386	2,297
<b>Total Non-Current Liabilities</b>	<b>66,948</b>	<b>71,854</b>
<b>Equity</b>	<b>31,055</b>	<b>46,873</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 118,318</b>	<b>\$ 137,851</b>

**ORACLE CORPORATION**  
**Q2 FISCAL 2019 FINANCIAL RESULTS**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(\$ in millions)

	Six Months Ended November 30,	
	2018	2017
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 4,598	\$ 4,358
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	566	573
Amortization of intangible assets	858	811
Deferred income taxes	(228)	54
Stock-based compensation	832	822
Other, net	118	81
Changes in operating assets and liabilities, net of effects from acquisitions:		
Decrease in trade receivables, net	1,116	1,585
Decrease in prepaid expenses and other assets	327	12
Decrease in accounts payable and other liabilities	(364)	(621)
(Decrease) increase in income taxes payable	(679)	22
Increase (decrease) in deferred revenues	124	(281)
<b>Net cash provided by operating activities</b>	<b>7,268</b>	<b>7,416</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of marketable securities and other investments	(1,278)	(18,022)
Proceeds from maturities and sales of marketable securities and other investments	7,847	11,566
Acquisitions, net of cash acquired	(313)	-
Capital expenditures	(804)	(1,072)
<b>Net cash provided by (used for) investing activities</b>	<b>5,452</b>	<b>(7,528)</b>
<b>Cash Flows From Financing Activities:</b>		
Payments for repurchases of common stock	(19,924)	(2,454)
Proceeds from issuances of common stock	1,018	1,353
Shares repurchased for tax withholdings upon vesting of restricted stock-based awards	(417)	(434)
Payments of dividends to stockholders	(1,456)	(1,579)
Proceeds from borrowings, net of issuance costs	-	9,945
Repayments of borrowings	(2,500)	(7,300)
Distributions to noncontrolling interests	(77)	(34)
<b>Net cash used for financing activities</b>	<b>(23,356)</b>	<b>(503)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(160)</b>	<b>141</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,796)</b>	<b>(474)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>21,620</b>	<b>21,784</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 10,824</b>	<b>\$ 21,310</b>

**ORACLE CORPORATION**  
**Q2 FISCAL 2019 FINANCIAL RESULTS**  
**FREE CASH FLOW - TRAILING 4-QUARTERS (1)**  
(\$ in millions)

	Fiscal 2018				Fiscal 2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>GAAP Operating Cash Flow</b>	\$ 14,817	\$ 14,581	\$ 15,192	\$ 15,386	\$ 15,542	\$ 15,238		
<b>Capital Expenditures</b>	(2,195)	(2,037)	(1,883)	(1,736)	(1,646)	(1,468)		
<b>Free Cash Flow</b>	\$ 12,622	\$ 12,544	\$ 13,309	\$ 13,650	\$ 13,896	\$ 13,770		
<b>% Growth over prior year</b>	0%	(1%)	13%	13%	10%	10%		
<b>GAAP Net Income</b>	\$ 9,745	\$ 9,932	\$ 3,643	\$ 3,587	\$ 3,708	\$ 3,827		
<b>Free Cash Flow as a % of Net Income</b>	130%	126%	365%	381%	375%	360%		

(1) To supplement our statements of cash flows presented on a GAAP basis, we use non-GAAP measures of cash flows on a trailing 4-quarter basis to analyze cash flow generated from operations. We believe free cash flow is also useful as one of the bases for comparing our performance with our competitors. The presentation of non-GAAP free cash flow is not meant to be considered in isolation or as an alternative to net income as an indicator of our performance, or as an alternative to cash flows from operating activities as a measure of liquidity.

**ORACLE CORPORATION**  
**Q2 FISCAL 2019 FINANCIAL RESULTS**  
**SUPPLEMENTAL ANALYSIS OF GAAP REVENUES (1)**  
(\$ in millions)

	Fiscal 2018					Fiscal 2019				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
<b>REVENUES</b>										
Cloud services and license support	\$ 6,407	\$ 6,461	\$ 6,587	\$ 6,768	\$ 26,222	\$ 6,609	\$ 6,637			\$ 13,246
Cloud license and on-premise license	894	1,331	1,299	2,247	5,772	867	1,217			2,083
Hardware	943	941	994	1,116	3,994	904	891			1,796
Services	860	856	796	883	3,395	813	817			1,630
Total revenues	\$ 9,104	\$ 9,589	\$ 9,676	\$ 11,014	\$ 39,383	\$ 9,193	\$ 9,562			\$ 18,755
<b>AS REPORTED REVENUE GROWTH RATES</b>										
Cloud services and license support	11%	11%	11%	8%	10%	3%	3%			3%
Cloud license and on-premise license	(13%)	(1%)	(9%)	(18%)	(12%)	(3%)	(9%)			(6%)
Hardware	(5%)	(7%)	(3%)	0%	(4%)	(4%)	(5%)			(5%)
Services	6%	1%	(2%)	(1%)	1%	(5%)	(5%)			(5%)
Total revenues	6%	6%	5%	0%	4%	1%	0%			0%
<b>CONSTANT CURRENCY GROWTH RATES (2)</b>										
Cloud services and license support	10%	9%	7%	6%	8%	4%	5%			4%
Cloud license and on-premise license	(14%)	(3%)	(13%)	(18%)	(13%)	0%	(6%)			(4%)
Hardware	(6%)	(9%)	(7%)	(2%)	(6%)	(3%)	(3%)			(3%)
Services	6%	0%	(6%)	(3%)	(1%)	(4%)	(2%)			(3%)
Total revenues	5%	5%	1%	(1%)	2%	2%	2%			2%
<b>CLOUD AND LICENSE REVENUES BY ECOSYSTEM (3)</b>										
Applications revenues	\$ 2,616	\$ 2,668	\$ 2,717	\$ 3,022	\$ 11,023	\$ 2,761	\$ 2,808			\$ 5,569
Platform and infrastructure revenues	4,685	5,124	5,169	5,993	20,971	4,715	5,046			9,760
Total cloud and license revenues	\$ 7,301	\$ 7,792	\$ 7,886	\$ 9,015	\$ 31,994	\$ 7,476	\$ 7,854			\$ 15,329
<b>AS REPORTED REVENUE GROWTH RATES</b>										
Applications revenues	17%	15%	9%	5%	11%	6%	5%			5%
Platform and infrastructure revenues	3%	6%	6%	(2%)	3%	1%	(2%)			(1%)
Total cloud and license revenues	7%	9%	7%	1%	6%	2%	1%			2%
<b>CONSTANT CURRENCY GROWTH RATES (2)</b>										
Applications revenues	17%	13%	7%	4%	10%	7%	7%			7%
Platform and infrastructure revenues	1%	4%	1%	(3%)	1%	2%	1%			1%
Total cloud and license revenues	7%	7%	3%	(1%)	4%	4%	3%			3%
<b>GEOGRAPHIC REVENUES</b>										
Americas	\$ 5,098	\$ 5,281	\$ 5,253	\$ 6,016	\$ 21,648	\$ 5,161	\$ 5,243			\$ 10,404
Europe/Middle East/Africa	2,535	2,796	2,881	3,197	11,409	2,576	2,782			5,358
Asia Pacific	1,471	1,512	1,542	1,801	6,326	1,456	1,537			2,993
Total revenues	\$ 9,104	\$ 9,589	\$ 9,676	\$ 11,014	\$ 39,383	\$ 9,193	\$ 9,562			\$ 18,755

(1) The sum of the quarterly information presented may vary from the year-to-date information presented due to rounding.

(2) We compare the percent change in the results from one period to another period using constant currency disclosure. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the exchange rates in effect on May 31, 2018 and 2017 for the fiscal 2019 and fiscal 2018 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

(3) Applications ecosystem revenues represent the sum of applications related cloud services and license support revenues; and applications related license revenues. Platform and infrastructure ecosystem revenues represent the sum of platform and infrastructure related cloud services and license support revenues; and platform and infrastructure related license revenues.



**ORACLE CORPORATION**  
**Q2 FISCAL 2019 FINANCIAL RESULTS**  
**EXPLANATION OF NON-GAAP MEASURES**

To supplement our financial results presented on a GAAP basis, we use the non-GAAP measures indicated in the tables, which exclude certain business combination accounting entries and expenses related to acquisitions, as well as other significant expenses including stock-based compensation, that we believe are helpful in understanding our past financial performance and our future results. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on these non-GAAP measures. Our non-GAAP financial measures reflect adjustments based on the following items, as well as the related income tax effects related to each of the below items except for the impact of the U.S. Tax Cuts and Jobs Act of 2017:

- Cloud services and license support revenues: Business combination accounting rules require us to account for the fair values of cloud services and license support contracts assumed in connection with our acquisitions. The non-GAAP adjustments to our cloud services and license support revenues are intended to include, and thus reflect, the full amount of such revenues. We believe the adjustments to these revenues are useful to investors as a measure of the ongoing performance of our business as we generally expect to experience high renewal rates for these contracts at their stated values during the post combination periods.
- Deferred sales commissions amortization: Certain acquired companies capitalized sales commissions associated with subscription agreements and amortized these amounts over the related contractual terms. Business combination accounting rules generally require us to eliminate these capitalized sales commissions balances as of the acquisition date and our post-combination GAAP sales and marketing expenses generally do not reflect the amortization of these deferred sales commissions balances. The non-GAAP adjustment to increase our sales and marketing expenses is intended to include, and thus reflect, the full amount of amortization related to such balances as though the acquired companies operated independently in the periods presented. We believe this adjustment to sales and marketing expenses is useful to investors as a measure of the ongoing performance of our business.
- Stock-based compensation expenses: We have excluded the effect of stock-based compensation expenses from our non-GAAP operating expenses and net income measures. Although stock-based compensation is a key incentive offered to our employees, and we believe such compensation contributed to the revenues earned during the periods presented and also believe it will contribute to the generation of future period revenues, we continue to evaluate our business performance excluding stock-based compensation expenses. Stock-based compensation expenses will recur in future periods.
- Amortization of intangible assets: We have excluded the effect of amortization of intangible assets from our non-GAAP operating expenses and net income measures. Amortization of intangible assets is inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.
- Acquisition related and other expenses; and restructuring expenses: We have excluded the effect of acquisition related and other expenses and the effect of restructuring expenses from our non-GAAP operating expenses and net income measures. We incurred significant expenses in connection with our acquisitions and also incurred certain other operating expenses or income, which we generally would not have otherwise incurred in the periods presented as a part of our continuing operations. Acquisition related and other expenses primarily consist of personnel related costs and stock-based compensation expenses for transitional and certain other employees, integration related professional services, certain business combination adjustments including adjustments after the measurement period has ended and certain other operating items, net. Restructuring expenses consist of employee severance and other exit costs. We believe it is useful for investors to understand the effects of these items on our total operating expenses. Although acquisition related and other expenses and restructuring expenses generally diminish over time with respect to past acquisitions and/or strategic initiatives, we generally will incur these expenses in connection with any future acquisitions and/or strategic initiatives.
- Impact of the U.S. Tax Cuts and Jobs Act of 2017: The U.S. Tax Cuts and Jobs Act of 2017 (the Tax Act) was signed into law on December 22, 2017. For the first half of fiscal 2019, we recorded a benefit of \$153 million, related to adjustments in our estimates of the one-time effects of the Tax Act, including the one-time transition tax on certain foreign subsidiary earnings and the remeasurement of net deferred income tax balances affected by the Tax Act. We have excluded the impacts of this benefit from our non-GAAP income taxes and net income measures for the first half of fiscal 2019. We believe making these adjustments provides insight to our operating performance and comparability to past operating results.