## ORACLE CORPORATION
### Q3 FISCAL 2017 FINANCIAL RESULTS
#### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

**($ in millions, except per share data)**

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>% Increase (Decrease) in US $</th>
<th>% Increase (Decrease) in Constant Currency (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cloud software as a service and platform as a service</td>
<td>$1,011 11%</td>
<td>73% 74%</td>
<td></td>
</tr>
<tr>
<td>Cloud infrastructure as a service</td>
<td>178 2%</td>
<td>17% 19%</td>
<td></td>
</tr>
<tr>
<td>Total cloud revenues</td>
<td>$1,189 13%</td>
<td>62% 63%</td>
<td></td>
</tr>
<tr>
<td>New software licenses</td>
<td>1,414 15%</td>
<td>(16%) (15%)</td>
<td></td>
</tr>
<tr>
<td>Software license updates and product support</td>
<td>4,762 52%</td>
<td>2% 3%</td>
<td></td>
</tr>
<tr>
<td>Total on-premise software revenues</td>
<td>$6,176 67%</td>
<td>(3%) (2%)</td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>$7,365 80%</td>
<td>4% 5%</td>
<td></td>
</tr>
<tr>
<td>Hardware products</td>
<td>520 6%</td>
<td>(14%) (13%)</td>
<td></td>
</tr>
<tr>
<td>Hardware support</td>
<td>508 5%</td>
<td>(4%) (3%)</td>
<td></td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>$1,028 11%</td>
<td>(9%) (9%)</td>
<td></td>
</tr>
<tr>
<td>Total services revenues</td>
<td>$812 9%</td>
<td>2% 3%</td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$9,205 100%</td>
<td>2% 3%</td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$2,004 22%</td>
<td>5% 6%</td>
<td></td>
</tr>
<tr>
<td>Cloud software as a service and platform as a service</td>
<td>380 4%</td>
<td>30% 32%</td>
<td></td>
</tr>
<tr>
<td>Cloud infrastructure as a service</td>
<td>125 1%</td>
<td>43% 44%</td>
<td></td>
</tr>
<tr>
<td>Software license updates and product support</td>
<td>270 3%</td>
<td>(8%) (8%)</td>
<td></td>
</tr>
<tr>
<td>Hardware products</td>
<td>290 3%</td>
<td>(14%) (14%)</td>
<td></td>
</tr>
<tr>
<td>Hardware support</td>
<td>147 2%</td>
<td>(14%) (14%)</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>690 7%</td>
<td>4% 4%</td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>1,521 17%</td>
<td>7% 8%</td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>241 3%</td>
<td>(17%) (15%)</td>
<td></td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>397 4%</td>
<td>(3%) (3%)</td>
<td></td>
</tr>
<tr>
<td>Acquisition related and other</td>
<td>30 0%</td>
<td>187% 174%</td>
<td></td>
</tr>
<tr>
<td>Restructuring</td>
<td>161 2%</td>
<td>39% 42%</td>
<td></td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$6,246 68%</td>
<td>4% 5%</td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(450) (5%)</td>
<td>25% 29%</td>
<td></td>
</tr>
<tr>
<td>Non-operating income, net</td>
<td>189 2%</td>
<td>190% 187%</td>
<td></td>
</tr>
<tr>
<td><strong>INCOME BEFORE PROVISION FOR INCOME TAXES</strong></td>
<td>$2,698 29%</td>
<td>(1%) 0%</td>
<td></td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>459 5%</td>
<td>(22%) (22%)</td>
<td></td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$2,239 24%</td>
<td>5% 6%</td>
<td></td>
</tr>
<tr>
<td><strong>EARNINGS PER SHARE:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.53</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>4,107</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>4,204</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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, 2016, 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 February 28, 2017 compared with the corresponding prior year period decreased our revenues by 1 percentage point, operating expenses by 1 percentage point and operating income by 1 percentage point.
### ORACLE CORPORATION

**Q3 FISCAL 2017 FINANCIAL RESULTS**

**RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)**

<table>
<thead>
<tr>
<th>Period</th>
<th>GAAP Adj</th>
<th>Non-GAAP Adj</th>
<th>GAAP Adj</th>
<th>Non-GAAP Adj</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Three Months Ended</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>February 28, 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$9,205</td>
<td>$9,274</td>
<td>$9,012</td>
<td>$9,014</td>
</tr>
<tr>
<td><strong>TOTAL CLOUD AND ON-PREMISE SOFTWARE REVENUES</strong></td>
<td>$7,365</td>
<td>$7,434</td>
<td>$7,084</td>
<td>$7,086</td>
</tr>
<tr>
<td>Cloud software as a service and platform as a service</td>
<td>$1,011</td>
<td>$1,080</td>
<td>$583</td>
<td>$585</td>
</tr>
<tr>
<td>New software licenses</td>
<td>$1,414</td>
<td>$1,414</td>
<td>$1,660</td>
<td>$1,660</td>
</tr>
<tr>
<td>Software license updates and product support</td>
<td>$4,762</td>
<td>$4,762</td>
<td>$4,669</td>
<td>$4,669</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>$6,246</td>
<td>$5,330</td>
<td>$5,985</td>
<td>$5,191</td>
</tr>
<tr>
<td>Sales and marketing (3)</td>
<td>$2,054</td>
<td>$1,023</td>
<td>$1,563</td>
<td>$1,646</td>
</tr>
<tr>
<td>Stock-based compensation (4)</td>
<td>$387</td>
<td>$408</td>
<td>$397</td>
<td>$408</td>
</tr>
<tr>
<td>Restructuring</td>
<td>$161</td>
<td>$115</td>
<td>$161</td>
<td>$115</td>
</tr>
<tr>
<td><strong>CLOUD SOFTWARE AS A SERVICE AND PLATFORM AS A SERVICE MARGIN %</strong></td>
<td>62%</td>
<td>65%</td>
<td>50%</td>
<td>51%</td>
</tr>
<tr>
<td><strong>OPERATING Income</strong></td>
<td>$2,959</td>
<td>$3,944</td>
<td>$3,027</td>
<td>$3,823</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN %</strong></td>
<td>32%</td>
<td>43%</td>
<td>34%</td>
<td>42%</td>
</tr>
<tr>
<td><strong>INCOME TAX EFFECTS (6)</strong></td>
<td>$459</td>
<td>$336</td>
<td>$590</td>
<td>$207</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$2,239</td>
<td>$2,688</td>
<td>$2,142</td>
<td>$2,623</td>
</tr>
<tr>
<td><strong>DILUTED EARNINGS PER SHARE</strong></td>
<td>$0.53</td>
<td>$0.69</td>
<td>$0.50</td>
<td>$0.64</td>
</tr>
<tr>
<td><strong>DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</strong></td>
<td>4,204</td>
<td>4,204</td>
<td>3,425</td>
<td>3,425</td>
</tr>
</tbody>
</table>

(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, 2016, 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:

<table>
<thead>
<tr>
<th>Period</th>
<th>GAAP Adj</th>
<th>Non-GAAP Adj</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 28, 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation (4)</td>
<td>$360</td>
<td>$371</td>
</tr>
<tr>
<td>Acquired deferred sales commissions amortization</td>
<td>$21</td>
<td>$21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$381</td>
<td>$392</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Period</th>
<th>GAAP Adj</th>
<th>Non-GAAP Adj</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 28, 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cloud infrastructure as a service</td>
<td>$1</td>
<td>$1</td>
</tr>
<tr>
<td>Software license updates and product support</td>
<td>$9</td>
<td>$9</td>
</tr>
<tr>
<td>Hardware products</td>
<td>$2</td>
<td>$2</td>
</tr>
<tr>
<td>Services</td>
<td>$54</td>
<td>$54</td>
</tr>
<tr>
<td>Research and development</td>
<td>$161</td>
<td>$161</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$32</td>
<td>$32</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$247</td>
<td>$247</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$95</td>
<td>$95</td>
</tr>
<tr>
<td>Cloud software as a service and platform as a service</td>
<td>$6</td>
<td>$6</td>
</tr>
<tr>
<td>Acquisition related and other</td>
<td>$22</td>
<td>$22</td>
</tr>
<tr>
<td><strong>Total stock-based compensation</strong></td>
<td>$269</td>
<td>$269</td>
</tr>
</tbody>
</table>

(5) Estimated future annual amortization expense related to intangible assets as of February 28, 2017 was as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>GAAP Adj</th>
<th>Non-GAAP Adj</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 28, 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total intangible assets, net</strong></td>
<td>$2,439</td>
<td>$2,439</td>
</tr>
</tbody>
</table>

(6) Income tax effects were calculated/reflected an effective GAAP tax rate of 17.0% and 21.6% in the third quarter of fiscal 2017 and 2016, respectively, and an effective non-GAAP tax rate of 21.6% and 22.6% in the third quarter of fiscal 2017 and 2016, respectively. The difference between our GAAP and non-GAAP tax rate in the third quarter of fiscal 2017 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. The difference between our GAAP and non-GAAP tax rate in the third quarter of fiscal 2016 was primarily due to the net tax effects of acquisition related items, including the tax effects of amortization of intangible assets.

* Not meaningful
## ORACLE CORPORATION
### Q3 FISCAL 2017 YEAR TO DATE FINANCIAL RESULTS
#### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

($ in millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>Nine Months Ended</th>
<th>% Increase (Decrease) in US $</th>
<th>% Increase (Decrease) in Constant Currency (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>February 28, 2017</td>
<td>% of Revenues</td>
<td>February 29, 2016</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cloud software as a service and platform as a service</td>
<td>$ 2,686</td>
<td>10%</td>
<td>$ 1,517</td>
</tr>
<tr>
<td>Cloud infrastructure as a service</td>
<td>525</td>
<td>2%</td>
<td>477</td>
</tr>
<tr>
<td>Total cloud revenues</td>
<td>3,211</td>
<td>12%</td>
<td>1,994</td>
</tr>
<tr>
<td>New software licenses</td>
<td>3,792</td>
<td>14%</td>
<td>4,509</td>
</tr>
<tr>
<td>Software license updates and product support</td>
<td>14,331</td>
<td>54%</td>
<td>14,048</td>
</tr>
<tr>
<td>Total on-premise software revenues</td>
<td>18,123</td>
<td>68%</td>
<td>18,557</td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>21,334</td>
<td>80%</td>
<td>20,551</td>
</tr>
<tr>
<td>Hardware products</td>
<td>1,478</td>
<td>5%</td>
<td>1,746</td>
</tr>
<tr>
<td>Hardware support</td>
<td>1,559</td>
<td>6%</td>
<td>1,639</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>3,037</td>
<td>11%</td>
<td>3,385</td>
</tr>
<tr>
<td>Total services revenues</td>
<td>2,464</td>
<td>9%</td>
<td>2,517</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$26,835</td>
<td>100%</td>
<td>$26,453</td>
</tr>
</tbody>
</table>

|                          |                    |                          |                      |
| **OPERATING EXPENSES**   |                    |                          |                      |
| Sales and marketing      | 5,883 | 22% | 5,578 | 21% | 5% | 6% |
| Cloud software as a service and platform as a service | 1,060 | 4% | 847 | 3% | 25% | 27% |
| Cloud infrastructure as a service | 333 | 1% | 268 | 1% | 24% | 26% |
| Software license updates and product support | 786 | 3% | 877 | 3% | (10)% | (9)% |
| Hardware products        | 775 | 3% | 967 | 4% | (20)% | (19)% |
| Hardware support         | 439 | 2% | 526 | 2% | (17)% | (16)% |
| Services                 | 2,073 | 8% | 2,058 | 8% | 1% | 2% |
| Research and development | 4,551 | 17% | 4,253 | 16% | 7% | 8% |
| General and administrative | 859 | 3% | 832 | 3% | 3% | 5% |
| Amortization of intangible assets | 1,010 | 4% | 1,283 | 5% | (21)% | (21)% |
| Acquisition related and other | 84 | 0% | 35 | 0% | 141% | 144% |
| Restructuring            | 346 | 1% | 293 | 1% | 18% | 21% |
| **Total operating expenses** | $18,199 | 68% | $17,817 | 67% | 2% | 3% |

|                          |                    |                          |                      |
| **OPERATING INCOME**     |                    |                          |                      |
| Interest expense         | (1,317) | (5%) | (1,105) | (4%) | 19% | 19% |
| Non-operating income, net | 437 | 2% | 179 | 0% | 144% | 141% |
| **INCOME BEFORE PROVISION FOR INCOME TAXES** | $7,756 | 29% | $7,710 | 29% | 1% | 1% |
| Provision for income taxes | 1,653 | 6% | 1,623 | 6% | 2% | 2% |
| **NET INCOME**           | $6,103 | 23% | $6,087 | 23% | 0% | 1% |

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>$1.49</td>
<td>$1.43</td>
</tr>
<tr>
<td>Diluted</td>
<td>$1.45</td>
<td>$1.41</td>
</tr>
</tbody>
</table>

**EARNINGS PER SHARE:**

**WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:**

Basic
- 4,110
- 4,246

Diluted
- 4,207
- 4,328

---

(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, 2016, 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 nine months ended February 28, 2017 compared with the corresponding prior year period decreased our revenues by 1 percentage point, operating expenses by 1 percentage point and operating income by 1 percentage point.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Adj.</td>
<td>GAAP Adj.</td>
<td>GAAP Adj.</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>$26,833</td>
<td>$26,957</td>
</tr>
<tr>
<td>TOTAL CLOUD AND ON-PREMISE SOFTWARE REVENUES</td>
<td>$21,344</td>
<td>$21,455</td>
</tr>
<tr>
<td>Cloud software as a service and platform as a service</td>
<td>2,988</td>
<td>2,806</td>
</tr>
<tr>
<td>Cloud infrastructure as a service</td>
<td>525</td>
<td>525</td>
</tr>
<tr>
<td>New software licenses</td>
<td>3,792</td>
<td>3,792</td>
</tr>
<tr>
<td>Software license updates and product support</td>
<td>14,331</td>
<td>14,332</td>
</tr>
<tr>
<td>TOTAL HARDWARE REVENUES</td>
<td>$1,037</td>
<td>$1,038</td>
</tr>
<tr>
<td>Hardware products</td>
<td>1,478</td>
<td>1,478</td>
</tr>
<tr>
<td>Hardware support</td>
<td>1,059</td>
<td>1,560</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENSES</td>
<td>$18,199</td>
<td>$15,804</td>
</tr>
<tr>
<td>Sales and marketing (3)</td>
<td>5,883</td>
<td>5,584</td>
</tr>
<tr>
<td>Stock-based compensation (4)</td>
<td>728</td>
<td>728</td>
</tr>
<tr>
<td>Amortization of intangible assets (5)</td>
<td>1,010</td>
<td>1,010</td>
</tr>
<tr>
<td>Acquisition related and other expenses</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>Restructuring</td>
<td>348</td>
<td>348</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>$6,636</td>
<td>$11,153</td>
</tr>
<tr>
<td>OPERATING MARGIN %</td>
<td>32%</td>
<td>41%</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>$6,103</td>
<td>$1,694</td>
</tr>
<tr>
<td>DILUTED EARNINGS PER SHARE</td>
<td>$1.15</td>
<td>$1.85</td>
</tr>
<tr>
<td>DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</td>
<td>4,207</td>
<td>4,207</td>
</tr>
</tbody>
</table>

### GAAP Non-GAAP

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud software as a service and platform as a service</td>
<td>17</td>
<td>17</td>
<td>13</td>
</tr>
<tr>
<td>Cloud infrastructure as a service</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Software license updates and product support</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Hardware products</td>
<td>6</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Hardware support</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Services</td>
<td>31</td>
<td>31</td>
<td>32</td>
</tr>
<tr>
<td>Research and development</td>
<td>574</td>
<td>574</td>
<td>452</td>
</tr>
<tr>
<td>General and administrative</td>
<td>104</td>
<td>104</td>
<td>96</td>
</tr>
<tr>
<td>Subtotal</td>
<td>798</td>
<td>798</td>
<td>589</td>
</tr>
<tr>
<td>Acquisition related and other expenses</td>
<td>58</td>
<td>58</td>
<td>63</td>
</tr>
<tr>
<td>Total stock-based compensation</td>
<td>$1,017</td>
<td>$1,017</td>
<td>$768</td>
</tr>
</tbody>
</table>

### Note

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, 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 currency 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, 2016, 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:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Adj.</td>
<td>GAAP Adj.</td>
<td>GAAP Adj.</td>
</tr>
<tr>
<td>Stock-based compensation (4)</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>Total non-GAAP sales and marketing adjustments</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

4. Stock-based compensation was included in the following non-GAAP operating expense categories:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Adj.</td>
<td>GAAP Adj.</td>
<td>GAAP Adj.</td>
</tr>
<tr>
<td>Cloud software as a service and platform as a service</td>
<td>17</td>
<td>17</td>
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</tr>
<tr>
<td>Hardware products</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Hardware support</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Services</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Research and development</td>
<td>574</td>
<td>574</td>
</tr>
<tr>
<td>General and administrative</td>
<td>104</td>
<td>104</td>
</tr>
<tr>
<td>Subtotal</td>
<td>798</td>
<td>798</td>
</tr>
<tr>
<td>Acquisition related and other expenses</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Total stock-based compensation</td>
<td>$1,017</td>
<td>$1,017</td>
</tr>
</tbody>
</table>

5. Estimated future annual amortization expense related to intangible assets as of February 28, 2017 was as follows:

   | Remainder of fiscal 2017 | $402 | $402 | $402 | $402 |
   | Fiscal 2018 | 1,362 | 1,362 | 1,362 | 1,362 |
   | Fiscal 2019 | 1,348 | 1,348 | 1,348 | 1,348 |
   | Fiscal 2020 | 1,058 | 1,058 | 1,058 | 1,058 |
   | Fiscal 2021 | 960 | 960 | 960 | 960 |
   | Fiscal 2022 | 779 | 779 | 779 | 779 |
   | Thereafter | 2,956 | 2,956 | 2,956 | 2,956 |
   | Total intangible assets, net | $7,705 | $7,705 | $7,705 | $7,705 |

6. Income tax effects were calculated reflecting an effective GAAP tax rate of 21.3% and 21.0% in the first nine months of fiscal 2017 and 2016, respectively, and an effective non-GAAP tax rate of 24.1% and 22.0% in the first nine months of fiscal 2017 and 2016, respectively. The difference between our GAAP and non-GAAP tax rates in the first nine months of fiscal 2017 was primarily due to the net tax effects of 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 rate in the first nine months of fiscal 2016 was primarily due to the net tax effects of acquisition related items, including the tax effects of amortization of intangible assets.

* Not meaningful
## ORACLE CORPORATION
### Q3 FISCAL 2017 FINANCIAL RESULTS
#### CONDENSED CONSOLIDATED BALANCE SHEETS
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 19,748</td>
<td>$ 20,152</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>39,604</td>
<td>35,973</td>
</tr>
<tr>
<td>Trade receivables, net</td>
<td>3,721</td>
<td>5,385</td>
</tr>
<tr>
<td>Inventories</td>
<td>391</td>
<td>212</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>2,547</td>
<td>2,591</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>66,011</td>
<td>64,313</td>
</tr>
<tr>
<td><strong>Non-Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>5,070</td>
<td>4,000</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>7,788</td>
<td>4,943</td>
</tr>
<tr>
<td>Goodwill, net</td>
<td>42,504</td>
<td>34,590</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>918</td>
<td>1,291</td>
</tr>
<tr>
<td>Other assets</td>
<td>3,091</td>
<td>3,043</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>59,371</td>
<td>47,867</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$ 125,382</td>
<td>$ 112,180</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND EQUITY** |                   |              |
| **Current Liabilities:**  |                   |              |
| Notes payable and other borrowings, current | $ 3,498 | $ 3,750 |
| Accounts payable         | 481               | 504          |
| Accrued compensation and related benefits | 1,516 | 1,966 |
| Deferred revenues        | 7,388             | 7,655        |
| Other current liabilities | 2,907             | 3,333        |
| **Total Current Liabilities** | 15,790 | 17,208 |
| **Non-Current Liabilities:** |                   |              |
| Notes payable and other borrowings, non-current | 50,469 | 40,105 |
| Income taxes payable     | 5,162             | 4,908        |
| Other non-current liabilities | 2,938 | 2,169 |
| **Total Non-Current Liabilities** | 58,569 | 47,182 |
| **Equity**               | 51,023            | 47,790       |
| **TOTAL LIABILITIES AND EQUITY** | $ 125,382 | $ 112,180 |
### Condensed Consolidated Statements of Cash Flows

.Offset 0.2 in from left margin of table

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$6,103</td>
<td>$6,087</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>722</td>
<td>643</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>1,010</td>
<td>1,283</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>111</td>
<td>(143)</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>1,017</td>
<td>768</td>
</tr>
<tr>
<td>Tax benefits on the vesting of restricted stock-based awards and exercise of stock options</td>
<td>378</td>
<td>188</td>
</tr>
<tr>
<td>Other, net</td>
<td>96</td>
<td>116</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities, net of effects from acquisitions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in trade receivables, net</td>
<td>1,673</td>
<td>1,746</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>(178)</td>
<td>87</td>
</tr>
<tr>
<td>Decrease in prepaid expenses and other assets</td>
<td>308</td>
<td>95</td>
</tr>
<tr>
<td>Decrease in accounts payable and other liabilities</td>
<td>(862)</td>
<td>(890)</td>
</tr>
<tr>
<td>Decrease in income taxes payable</td>
<td>(388)</td>
<td>(112)</td>
</tr>
<tr>
<td>(Decrease) increase in deferred revenues</td>
<td>(330)</td>
<td>24</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>9,660</td>
<td>9,892</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of marketable securities and other investments</td>
<td>(15,571)</td>
<td>(21,549)</td>
</tr>
<tr>
<td>Proceeds from maturities and sales of marketable securities and other investments</td>
<td>11,825</td>
<td>18,845</td>
</tr>
<tr>
<td>Acquisitions, net of cash acquired</td>
<td>(10,406)</td>
<td>(313)</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(1,496)</td>
<td>(1,009)</td>
</tr>
<tr>
<td><strong>Net cash used for investing activities</strong></td>
<td>(15,648)</td>
<td>(4,026)</td>
</tr>
<tr>
<td><strong>Cash Flows From Financing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for repurchases of common stock</td>
<td>(3,067)</td>
<td>(8,467)</td>
</tr>
<tr>
<td>Proceeds from issuances of common stock</td>
<td>1,309</td>
<td>802</td>
</tr>
<tr>
<td>Shares repurchased for tax withholdings upon vesting of restricted stock-based awards</td>
<td>(237)</td>
<td>(82)</td>
</tr>
<tr>
<td>Payments of dividends to stockholders</td>
<td>(1,844)</td>
<td>(1,918)</td>
</tr>
<tr>
<td>Proceeds from borrowings, net of issuance costs</td>
<td>13,932</td>
<td>—</td>
</tr>
<tr>
<td>Repayments of borrowings</td>
<td>(4,094)</td>
<td>(2,000)</td>
</tr>
<tr>
<td>Distributions to noncontrolling interests</td>
<td>(200)</td>
<td>(85)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used for) financing activities</strong></td>
<td>5,799</td>
<td>(11,750)</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes on cash and cash equivalents</strong></td>
<td>(215)</td>
<td>(249)</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>(404)</td>
<td>(6,133)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of period</strong></td>
<td>20,152</td>
<td>21,716</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>$19,748</td>
<td>$15,583</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Fiscal 2016</th>
<th>Fiscal 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>GAAP Operating Cash Flow</td>
<td>$13,682</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(1,636)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$12,046</td>
</tr>
<tr>
<td>% Growth over prior year</td>
<td>(20%)</td>
</tr>
<tr>
<td>GAAP Net Income</td>
<td>$9,501</td>
</tr>
<tr>
<td>Free Cash Flow as a % of Net Income</td>
<td>127%</td>
</tr>
</tbody>
</table>
### REVENUES

#### Cloud software as a service and platform as a service
- Fiscal 2017: $451 million
- Fiscal 2017: $484 million
- Fiscal 2017: $583 million
- Fiscal 2017: $690 million
- Fiscal 2017: $2,207 million

#### Cloud infrastructure as a service
- Fiscal 2017: $160 million
- Fiscal 2017: $165 million
- Fiscal 2017: $169 million
- Fiscal 2017: $646 million

#### Total cloud revenues
- Fiscal 2017: $878 million
- Fiscal 2017: $1,011 million
- Fiscal 2017: $2,686 million

#### New software licenses
- Fiscal 2017: $1,151 million
- Fiscal 2017: $1,677 million
- Fiscal 2017: $1,680 million
- Fiscal 2017: $2,766 million
- Fiscal 2017: $7,276 million

#### Software license updates and product support
- Fiscal 2017: $4,696 million
- Fiscal 2017: $4,683 million
- Fiscal 2017: $4,669 million
- Fiscal 2017: $4,814 million
- Fiscal 2017: $18,861 million

#### Total on-premise software revenues
- Fiscal 2017: $5,847 million
- Fiscal 2017: $6,360 million
- Fiscal 2017: $6,349 million
- Fiscal 2017: $7,580 million
- Fiscal 2017: $26,137 million

#### Hardware products
- Fiscal 2017: $570 million
- Fiscal 2017: $573 million
- Fiscal 2017: $604 million
- Fiscal 2017: $725 million
- Fiscal 2017: $2,471 million

#### Hardware support
- Fiscal 2017: $558 million
- Fiscal 2017: $550 million
- Fiscal 2017: $531 million
- Fiscal 2017: $558 million
- Fiscal 2017: $2,197 million

#### Total hardware revenues
- Fiscal 2017: $1,128 million
- Fiscal 2017: $1,123 million
- Fiscal 2017: $1,135 million
- Fiscal 2017: $1,283 million
- Fiscal 2017: $4,668 million

#### Total services revenues
- Fiscal 2017: $862 million
- Fiscal 2017: $861 million
- Fiscal 2017: $793 million
- Fiscal 2017: $872 million
- Fiscal 2017: $3,389 million

#### Total revenues
- Fiscal 2017: $8,448 million
- Fiscal 2017: $8,993 million
- Fiscal 2017: $9,012 million
- Fiscal 2017: $10,594 million
- Fiscal 2017: $37,047 million

### AS REPORTED REVENUE GROWTH RATES

#### Cloud software as a service and platform as a service
- Fiscal 2017: 34%
- Fiscal 2017: 34%
- Fiscal 2017: 57%
- Fiscal 2017: 66%
- Fiscal 2017: 49%
- Fiscal 2017: 77%
- Fiscal 2017: 81%
- Fiscal 2017: 73%
- Fiscal 2017: 77%

#### Cloud infrastructure as a service
- Fiscal 2017: 16%
- Fiscal 2017: 7%
- Fiscal 2017: (2%)
- Fiscal 2017: 5%
- Fiscal 2017: 6%
- Fiscal 2017: 7%
- Fiscal 2017: 6%
- Fiscal 2017: 17%
- Fiscal 2017: 10%

### CONSTANT CURRENCY GROWTH RATES

#### Cloud software as a service and platform as a service
- Fiscal 2017: 38%
- Fiscal 2017: 39%
- Fiscal 2017: 61%
- Fiscal 2017: 49%
- Fiscal 2017: 53%
- Fiscal 2017: 61%
- Fiscal 2017: 73%
- Fiscal 2017: 77%
- Fiscal 2017: 77%

#### Cloud infrastructure as a service
- Fiscal 2017: 38%
- Fiscal 2017: 31%
- Fiscal 2017: 44%
- Fiscal 2017: 51%
- Fiscal 2017: 61%
- Fiscal 2017: 63%
- Fiscal 2017: 63%
- Fiscal 2017: 73%
- Fiscal 2017: 77%

### GEOGRAPHIC REVENUES

#### REVENUES

<table>
<thead>
<tr>
<th>Region</th>
<th>Fiscal 2016</th>
<th>Fiscal 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>$4,716</td>
<td>$4,960</td>
</tr>
<tr>
<td>Europe, Middle East &amp; Africa</td>
<td>2,456</td>
<td>2,645</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>1,276</td>
<td>1,388</td>
</tr>
<tr>
<td>Total</td>
<td>$8,448</td>
<td>$8,993</td>
</tr>
</tbody>
</table>

### HEADCOUNT

#### GEOGRAPHIC AREA

<table>
<thead>
<tr>
<th>Region</th>
<th>Fiscal 2016</th>
<th>Fiscal 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>59,901</td>
<td>59,999</td>
</tr>
<tr>
<td>Europe, Middle East &amp; Africa</td>
<td>27,030</td>
<td>27,541</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>46,139</td>
<td>48,620</td>
</tr>
<tr>
<td>Total</td>
<td>135,070</td>
<td>138,160</td>
</tr>
</tbody>
</table>

(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, 2016 and 2015 for the fiscal 2017 and fiscal 2016 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.
### Table: Supplemental Geographic Revenues Analysis (1)

<table>
<thead>
<tr>
<th></th>
<th>Fiscal 2016</th>
<th></th>
<th>Fiscal 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td><strong>AMERICAS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>$3,684</td>
<td>$3,927</td>
<td>$3,964</td>
<td>$4,771</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>$589</td>
<td>$599</td>
<td>$571</td>
<td>$650</td>
</tr>
<tr>
<td><strong>AS REPORTED GROWTH RATES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>2%</td>
<td>(3%)</td>
<td>(1%)</td>
<td>(3%)</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>1%</td>
<td>(17%)</td>
<td>(17%)</td>
<td>(14%)</td>
</tr>
<tr>
<td><strong>CONSTANT CURRENCY GROWTH RATES (2)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>6%</td>
<td>0%</td>
<td>1%</td>
<td>(2%)</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>6%</td>
<td>(14%)</td>
<td>(13%)</td>
<td>(11%)</td>
</tr>
<tr>
<td><strong>EUROPE / MIDDLE EAST / AFRICA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>$1,873</td>
<td>$2,066</td>
<td>$2,069</td>
<td>$2,462</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>$330</td>
<td>$318</td>
<td>$349</td>
<td>$382</td>
</tr>
<tr>
<td><strong>AS REPORTED GROWTH RATES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>(6%)</td>
<td>(8%)</td>
<td>(5%)</td>
<td>4%</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>(2%)</td>
<td>(17%)</td>
<td>(8%)</td>
<td>(10%)</td>
</tr>
<tr>
<td><strong>CONSTANT CURRENCY GROWTH RATES (2)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>7%</td>
<td>3%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>14%</td>
<td>(6%)</td>
<td>(1%)</td>
<td>(8%)</td>
</tr>
<tr>
<td><strong>ASIA PACIFIC</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>$901</td>
<td>$1,016</td>
<td>$1,051</td>
<td>$1,206</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>$209</td>
<td>$218</td>
<td>$215</td>
<td>$251</td>
</tr>
<tr>
<td><strong>AS REPORTED GROWTH RATES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>(7%)</td>
<td>(3%)</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>(14%)</td>
<td>(11%)</td>
<td>(8%)</td>
<td>8%</td>
</tr>
<tr>
<td><strong>CONSTANT CURRENCY GROWTH RATES (2)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>7%</td>
<td>6%</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>(3%)</td>
<td>(3%)</td>
<td>(3%)</td>
<td>9%</td>
</tr>
<tr>
<td><strong>TOTAL COMPANY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>$6,458</td>
<td>$7,098</td>
<td>$7,084</td>
<td>$8,439</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>$1,128</td>
<td>$1,123</td>
<td>$1,183</td>
<td>$1,383</td>
</tr>
<tr>
<td><strong>AS REPORTED GROWTH RATES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>(2%)</td>
<td>(4%)</td>
<td>(1%)</td>
<td>0%</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>(3%)</td>
<td>(16%)</td>
<td>(13%)</td>
<td>(9%)</td>
</tr>
<tr>
<td><strong>CONSTANT CURRENCY GROWTH RATES (2)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cloud and on-premise software revenues</td>
<td>6%</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Total hardware revenues</td>
<td>6%</td>
<td>(10%)</td>
<td>(8%)</td>
<td>(7%)</td>
</tr>
</tbody>
</table>

(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, 2016 and 2015 for the fiscal 2017 and fiscal 2016 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.
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:

- **Cloud software as a service and platform as a service contracts, software license updates and product support and hardware support deferred revenues**: Business combination accounting rules require us to account for the fair values of cloud software as a service and platform as a service contracts, software license updates and product support contracts and hardware support contracts assumed in connection with our acquisitions. Because these contracts are generally one year in duration, our GAAP revenues for the one year period subsequent to our acquisition of a business do not reflect the full amount of revenues on these assumed cloud and support contracts that would have otherwise been recorded by the acquired entity. The non-GAAP adjustment to our cloud software as a service and platform as a service revenues, software license updates and product support revenues and hardware support revenues is intended to include, and thus reflect, the full amount of such revenues. We believe the adjustment to these revenues is useful to investors as a measure of the ongoing performance of our business. We have historically experienced high renewal rates on our software license updates and product support contracts and our objective is to increase the renewal rates on acquired and new cloud software as a service and platform as a service contracts, hardware support contracts; however, we cannot be certain that our customers will renew our cloud software as a service and platform as a service contracts, software license updates and product support contracts or our hardware support contracts.

- **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 this adjustment to sales and marketing expenses is useful to investors as a measure of the ongoing performance of our business. This non-GAAP adjustment commenced in the second fiscal quarter of fiscal 2017 as a result of our acquisition of NetSuite. Such adjustment was not material in prior 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. This non-GAAP adjustment commenced in the second fiscal quarter of fiscal 2017 as a result of our acquisition of NetSuite. Such adjustment was not material in prior periods.

- **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 this adjustment to sales and marketing expenses is useful to investors as a measure of the ongoing performance of our business. This non-GAAP adjustment commenced in the second fiscal quarter of fiscal 2017 as a result of our acquisition of NetSuite. Such adjustment was not material in prior 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 consist of personnel related costs for transitional employees, other acquired employee related costs, stock-based compensation expenses (in addition to the stock-based compensation expenses described above), integration related professional services, certain business combination adjustments including adjustments after the measurement period has ended and certain other operating items, net. Substantially all of the stock-based compensation expenses included in acquisition related and other expenses resulted from unvested options assumed in acquisitions whose vesting was fully accelerated upon termination of the employees pursuant to the original terms of those options. 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 expenses and restructuring expenses generally diminish over time with respect to past acquisitions, we generally will incur these expenses in connection with any future acquisitions.