



For Immediate Release

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Q1 FY18 GAAP EPS UP 19% TO \$0.52 and NON-GAAP EPS UP 12% TO \$0.62
Q1 FY18 Cloud Revenues Up 51% to \$1.5 Billion and Total Revenues Up 7% to \$9.2 Billion

REDWOOD SHORES, Calif., September 14, 2017 -- Oracle Corporation (NYSE: ORCL) today announced fiscal 2018 Q1 results. Total Revenues were up 7% from the prior year to \$9.2 billion. Cloud plus On-Premise Software Revenues were up 9% to \$7.4 billion. Cloud Software as a Service (SaaS) revenues were up 62% to \$1.1 billion. Cloud Platform as a Service (PaaS) plus Infrastructure as a Service (IaaS) revenues were up 28% to \$400 million. Total Cloud Revenues were up 51% to \$1.5 billion.

GAAP Operating Income was up 7% to \$2.8 billion and Operating Margin was 31%. Non-GAAP Operating Income was up 11% to \$3.8 billion and non-GAAP Operating Margin was 41%. GAAP Net Income was up 21% to \$2.2 billion, while non-GAAP Net Income was up 14% to \$2.7 billion. GAAP Earnings Per Share was up 19% to \$0.52, while non-GAAP Earnings Per Share was up 12% to \$0.62.

Short-term deferred revenues were up 9% compared with a year ago to \$10.3 billion. Operating cash flow on a trailing twelve-month basis was up 8% to \$14.8 billion.

“The sustained hyper-growth in our multi-billion dollar cloud business continues to drive Oracle’s overall revenue and earnings higher and higher,” said Oracle CEO, Safra Catz. “In Q1, total revenues were up 7%, GAAP EPS was up 19%, and non-GAAP EPS was up 12%. Oracle is off to a very, very strong start in FY18.”

“With SaaS revenue up 62%, our cloud applications business continues to grow more than twice as fast as Salesforce.com,” said Oracle CEO, Mark Hurd. “ERP is our largest and most important cloud applications business. We now have about 5,000 Fusion ERP customers plus 12,000 NetSuite ERP customers in the Oracle Cloud. That’s 30 times more ERP customers than Workday.”

“In a couple of weeks, we will announce the world’s first fully autonomous database cloud service,” said Oracle Chairman and CTO, Larry Ellison. “Based on machine learning, the latest version of Oracle is a totally automated “self-driving” system that does not require human beings to manage or tune the database. Using AI to eliminate most sources of human error enables Oracle to offer database SLA’s that guarantee 99.995% reliability while charging much less than AWS.”

The Board of Directors also declared a quarterly cash dividend of \$0.19 per share of outstanding common stock. This dividend will be paid to stockholders of record as of the close of business on October 11, 2017, with a payment date of October 25, 2017.

Q1 Fiscal 2018 Earnings Conference Call and Webcast

Oracle will hold a conference call and webcast today to discuss these results at 2:00 p.m. Pacific. You may listen to the call by dialing (816) 287-5563, Passcode: 425392. To access the live webcast, please visit the Oracle Investor Relations website at <http://www.oracle.com/investor>. In addition, Oracle’s Q1 results and Fiscal 2018 financial tables are available on the Oracle Investor Relations website.

A replay of the conference call will also be available by dialing (855) 859-2056 or (404) 537-3406, Passcode: 82330974.

About Oracle

Oracle offers a comprehensive and fully integrated stack of cloud applications and platform services. For more information about Oracle (NYSE: ORCL), visit www.oracle.com/investor or contact Investor Relations at investor_us@oracle.com or (650) 506-4073.

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"Safe Harbor" Statement: Statements in this press release relating to Oracle's future plans, expectations, beliefs, intentions and prospects, including statements regarding the growth of our cloud applications business compared to competitors and the announcement regarding our new autonomous database cloud service, are all "forward-looking statements" and are subject to material risks and uncertainties. Many factors could affect our current expectations and our actual results, and could cause actual results to differ materially. We presently consider the following to be among the

important factors that could cause actual results to differ materially from expectations: (1) Our cloud computing strategy, including our Oracle Cloud SaaS, PaaS, IaaS and data as a service offerings, may not be successful. (2) If we are unable to develop new or sufficiently differentiated products and services, or to enhance and improve our products and support services in a timely manner or to position and/or price our products and services to meet market demand, customers may not buy new software licenses, cloud software subscriptions or hardware systems products or purchase or renew support contracts. (3) If the security measures for our products and services are compromised or if our products and services contain significant coding, manufacturing or configuration errors, we may experience reputational harm, legal claims and reduced sales. (4) We may fail to achieve our financial forecasts due to such factors as delays or size reductions in transactions, fewer large transactions in a particular quarter, fluctuations in currency exchange rates, delays in delivery of new products or releases or a decline in our renewal rates for support contracts. (5) Our international sales and operations subject us to additional risks that can adversely affect our operating results, including risks relating to foreign currency gains and losses. (6) Economic, geopolitical and market conditions can adversely affect our business, results of operations and financial condition, including our revenue growth and profitability, which in turn could adversely affect our stock price. (7) We have an active acquisition program and our acquisitions may not be successful, may involve unanticipated costs or other integration issues or may disrupt our existing operations. A detailed discussion of these factors and other risks that affect our business is contained in our U.S. Securities and Exchange Commission (SEC) filings, including our most recent reports on Form 10-K and Form 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available online from the SEC or by contacting Oracle Corporation's Investor Relations Department at (650) 506-4073 or by clicking on SEC Filings on Oracle's Investor Relations website at <http://www.oracle.com/investor>. All information set forth in this press release is current as of September 14, 2017. Oracle undertakes no duty to update any statement in light of new information or future events.

ORACLE CORPORATION
Q1 FISCAL 2018 FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

| | Three Months Ended August 31, | | | | % Increase (Decrease) in US \$ | % Increase (Decrease) in Constant Currency (1) |
|---|-------------------------------|------------------|-----------------|------------------|--------------------------------------|---|
| | 2017 | % of Revenues | 2016 | % of Revenues | | |
| REVENUES | | | | | | |
| Cloud software as a service | \$ 1,067 | 12% | \$ 657 | 8% | 62% | 62% |
| Cloud platform as a service and infrastructure as a service | 400 | 4% | 312 | 3% | 28% | 27% |
| Total cloud revenues | 1,467 | 16% | 969 | 11% | 51% | 51% |
| New software licenses | 966 | 11% | 1,030 | 12% | (6%) | (7%) |
| Software license updates and product support | 4,951 | 54% | 4,792 | 56% | 3% | 2% |
| Total on-premise software revenues | 5,917 | 65% | 5,822 | 68% | 2% | 1% |
| Total cloud and on-premise software revenues | 7,384 | 81% | 6,791 | 79% | 9% | 8% |
| Hardware revenues | 943 | 10% | 996 | 12% | (5%) | (6%) |
| Services revenues | 860 | 9% | 808 | 9% | 6% | 5% |
| Total revenues | 9,187 | 100% | 8,595 | 100% | 7% | 6% |
| OPERATING EXPENSES | | | | | | |
| Cloud software as a service | 374 | 4% | 283 | 3% | 33% | 32% |
| Cloud platform as a service and infrastructure as a service | 227 | 2% | 132 | 2% | 70% | 69% |
| Software license updates and product support | 257 | 3% | 275 | 3% | (6%) | (7%) |
| Hardware | 373 | 4% | 391 | 5% | (4%) | (5%) |
| Services | 702 | 8% | 695 | 8% | 1% | 0% |
| Sales and marketing | 1,992 | 22% | 1,919 | 22% | 4% | 3% |
| Research and development | 1,574 | 17% | 1,520 | 17% | 4% | 3% |
| General and administrative | 320 | 3% | 315 | 4% | 2% | 1% |
| Amortization of intangible assets | 411 | 5% | 311 | 4% | 32% | 32% |
| Acquisition related and other | 12 | 0% | 14 | 0% | (17%) | (17%) |
| Restructuring | 124 | 1% | 99 | 1% | 25% | 22% |
| Total operating expenses | 6,366 | 69% | 5,954 | 69% | 7% | 6% |
| OPERATING INCOME | | | | | | |
| | 2,821 | 31% | 2,641 | 31% | 7% | 6% |
| Interest expense | (469) | (5%) | (416) | (5%) | 13% | 13% |
| Non-operating income, net | 233 | 2% | 148 | 2% | 57% | 57% |
| INCOME BEFORE PROVISION FOR INCOME TAXES | | | | | | |
| | 2,585 | 28% | 2,373 | 28% | 9% | 8% |
| Provision for income taxes | 375 | 4% | 541 | 7% | (31%) | (31%) |
| NET INCOME | | | | | | |
| | \$ 2,210 | 24% | \$ 1,832 | 21% | 21% | 19% |
| EARNINGS PER SHARE: | | | | | | |
| Basic | \$ 0.53 | | \$ 0.44 | | | |
| Diluted | \$ 0.52 | | \$ 0.43 | | | |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: | | | | | | |
| Basic | 4,156 | | 4,119 | | | |
| Diluted | 4,284 | | 4,221 | | | |

(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, 2017, 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 August 31, 2017 compared with the corresponding prior year period increased our revenues by 1 percentage point, operating expenses by 1 percentage point and operating income by 1 percentage point.

ORACLE CORPORATION
Q1 FISCAL 2018 FINANCIAL RESULTS
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)
(\$ in millions, except per share data)

| | Three Months Ended August 31, | | | | | | % Increase (Decrease) in US \$ | | % Increase (Decrease) in Constant Currency (2) | |
|---|-------------------------------|----------|----------|----------|----------|----------|--------------------------------|-------------|--|-------------|
| | 2017 | | 2017 | | 2016 | | GAAP | Non-GAAP | GAAP | Non-GAAP |
| | GAAP | Adj. | Non-GAAP | GAAP | Adj. | Non-GAAP | | | | |
| TOTAL REVENUES | \$ 9,187 | \$ 25 | \$ 9,212 | \$ 8,595 | \$ 18 | \$ 8,613 | 7% | 7% | 6% | 6% |
| TOTAL CLOUD AND ON-PREMISE SOFTWARE REVENUES | 7,384 | 25 | 7,409 | 6,791 | 18 | 6,809 | 9% | 9% | 8% | 8% |
| TOTAL CLOUD REVENUES | 1,467 | 25 | 1,492 | 969 | 17 | 986 | 51% | 51% | 51% | 51% |
| Cloud software as a service | 1,067 | 22 | 1,089 | 657 | 17 | 674 | 62% | 62% | 62% | 61% |
| Cloud platform as a service and infrastructure as a service | 400 | 3 | 403 | 312 | - | 312 | 28% | 29% | 27% | 28% |
| Software license updates and product support | 4,951 | - | 4,951 | 4,792 | 1 | 4,793 | 3% | 3% | 2% | 2% |
| TOTAL OPERATING EXPENSES | \$ 6,366 | \$ (938) | \$ 5,428 | \$ 5,954 | \$ (743) | \$ 5,211 | 7% | 4% | 6% | 3% |
| Cloud software as a service (4) | 374 | (9) | 365 | 283 | (5) | 278 | 33% | 32% | 32% | 31% |
| Cloud platform as a service and infrastructure as a service (4) | 227 | (2) | 225 | 132 | (1) | 131 | 70% | 70% | 69% | 69% |
| Sales and marketing (3) | 1,992 | (78) | 1,914 | 1,919 | (63) | 1,856 | 4% | 3% | 3% | 2% |
| Stock-based compensation (4) | 302 | (302) | - | 250 | (250) | - | 21% | * | 21% | * |
| Amortization of intangible assets (5) | 411 | (411) | - | 311 | (311) | - | 32% | * | 32% | * |
| Acquisition related and other | 12 | (12) | - | 14 | (14) | - | (17%) | * | (17%) | * |
| Restructuring | 124 | (124) | - | 99 | (99) | - | 25% | * | 22% | * |
| CLOUD SOFTWARE AS A SERVICE MARGIN % | 65% | | 67% | 57% | | 59% | 779 bp. | 757 bp. | 788 bp. | 766 bp. |
| CLOUD PLATFORM AS A SERVICE AND INFRASTRUCTURE AS A SERVICE MARGIN % | 43% | | 44% | 58% | | 58% | (1,401) bp. | (1,343) bp. | (1,407) bp. | (1,348) bp. |
| OPERATING INCOME | \$ 2,821 | \$ 963 | \$ 3,784 | \$ 2,641 | \$ 761 | \$ 3,402 | 7% | 11% | 6% | 10% |
| OPERATING MARGIN % | 31% | | 41% | 31% | | 39% | (2) bp. | 158 bp. | (5) bp. | 161 bp. |
| INCOME TAX EFFECTS (6) | \$ 375 | \$ 512 | \$ 887 | \$ 541 | \$ 258 | \$ 799 | (31%) | 11% | (31%) | 10% |
| NET INCOME | \$ 2,210 | \$ 451 | \$ 2,661 | \$ 1,832 | \$ 503 | \$ 2,335 | 21% | 14% | 19% | 13% |
| DILUTED EARNINGS PER SHARE | \$ 0.52 | | \$ 0.62 | \$ 0.43 | | \$ 0.55 | 19% | 12% | 18% | 11% |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 4,284 | - | 4,284 | 4,221 | - | 4,221 | 1% | 1% | 1% | 1% |

(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, 2017, 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 August 31, | |
|--|-------------------------------|---------|
| | 2017 | 2016 |
| Stock-based compensation (4) | \$ (89) | \$ (63) |
| Acquired deferred sales commissions amortization | 11 | - |
| Total non-GAAP sales and marketing adjustments | \$ (78) | \$ (63) |

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

| | Three Months Ended August 31, 2017 | | | Three Months Ended August 31, 2016 | | |
|---|------------------------------------|----------|----------|------------------------------------|----------|----------|
| | GAAP | Adj. | Non-GAAP | GAAP | Adj. | Non-GAAP |
| Software license updates and product support | \$ 7 | \$ (7) | \$ - | \$ 6 | \$ (6) | \$ - |
| Hardware | 3 | (3) | - | 3 | (3) | - |
| Services | 14 | (14) | - | 8 | (8) | - |
| Research and development | 234 | (234) | - | 195 | (195) | - |
| General and administrative | 44 | (44) | - | 38 | (38) | - |
| Subtotal | 302 | (302) | - | 250 | (250) | - |
| Cloud software as a service | 9 | (9) | - | 5 | (5) | - |
| Cloud platform as a service and infrastructure as a service | 2 | (2) | - | 1 | (1) | - |
| Sales and marketing | 89 | (89) | - | 63 | (63) | - |
| Acquisition related and other | 1 | (1) | - | - | - | - |
| Total stock-based compensation | \$ 403 | \$ (403) | \$ - | \$ 319 | \$ (319) | \$ - |

(5) Estimated future annual amortization expense related to intangible assets as of August 31, 2017 was as follows:

| | |
|------------------------------|----------|
| Remainder of fiscal 2018 | \$ 1,179 |
| Fiscal 2019 | 1,408 |
| Fiscal 2020 | 1,207 |
| Fiscal 2021 | 1,021 |
| Fiscal 2022 | 918 |
| Fiscal 2023 | 567 |
| Thereafter | 886 |
| Total intangible assets, net | \$ 7,186 |

(6) Income tax effects were calculated reflecting an effective GAAP tax rate of 14.5% and 22.8% in the first quarter of fiscal 2018 and 2017, respectively, and an effective non-GAAP tax rate of 25.0% and 25.5% in the first quarter of fiscal 2018 and 2017, respectively. The difference between our GAAP and non-GAAP tax rates in the first quarters of fiscal 2018 and 2017 were 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
Q1 FISCAL 2018 FINANCIAL RESULTS
CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in millions)

| | August 31, 2017 | May 31, 2017 |
|---|--------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 21,321 | \$ 21,784 |
| Marketable securities | 45,576 | 44,294 |
| Trade receivables, net | 3,591 | 5,300 |
| Inventories | 312 | 300 |
| Prepaid expenses and other current assets | 2,535 | 2,837 |
| Total Current Assets | 73,335 | 74,515 |
| Non-Current Assets: | | |
| Property, plant and equipment, net | 5,586 | 5,315 |
| Intangible assets, net | 7,186 | 7,679 |
| Goodwill, net | 43,020 | 43,045 |
| Deferred tax assets | 1,181 | 1,143 |
| Other assets | 3,289 | 3,294 |
| Total Non-Current Assets | 60,262 | 60,476 |
| TOTAL ASSETS | \$ 133,597 | \$ 134,991 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |
| Notes payable and other borrowings, current | \$ 4,998 | \$ 9,797 |
| Accounts payable | 593 | 599 |
| Accrued compensation and related benefits | 1,517 | 1,966 |
| Deferred revenues | 10,269 | 8,233 |
| Other current liabilities | 2,849 | 3,583 |
| Total Current Liabilities | 20,226 | 24,178 |
| Non-Current Liabilities: | | |
| Notes payable and other borrowings, non-current | 48,293 | 48,112 |
| Income taxes payable | 5,891 | 5,681 |
| Other non-current liabilities | 2,821 | 2,774 |
| Total Non-Current Liabilities | 57,005 | 56,567 |
| Equity | 56,366 | 54,246 |
| TOTAL LIABILITIES AND EQUITY | \$ 133,597 | \$ 134,991 |

ORACLE CORPORATION

Q1 FISCAL 2018 FINANCIAL RESULTS CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (\$ in millions)

| | Three Months Ended August 31, | |
|---|-------------------------------|------------------|
| | 2017 | 2016 |
| Cash Flows From Operating Activities: | | |
| Net income | \$ 2,210 | \$ 1,832 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 285 | 222 |
| Amortization of intangible assets | 411 | 311 |
| Deferred income taxes | 159 | 145 |
| Stock-based compensation | 403 | 319 |
| Other, net | 47 | 39 |
| Changes in operating assets and liabilities, net of effects from acquisitions: | | |
| Decrease in trade receivables, net | 1,752 | 1,993 |
| Increase in inventories | (11) | (75) |
| Decrease in prepaid expenses and other assets | 555 | 435 |
| Decrease in accounts payable and other liabilities | (1,062) | (1,013) |
| Increase (decrease) in income taxes payable | 32 | (94) |
| Increase in deferred revenues | 1,785 | 1,761 |
| Net cash provided by operating activities | 6,566 | 5,875 |
| Cash Flows From Investing Activities: | | |
| Purchases of marketable securities and other investments | (7,671) | (5,513) |
| Proceeds from maturities and sales of marketable securities and other investments | 6,326 | 1,752 |
| Acquisitions, net of cash acquired | - | (1,143) |
| Capital expenditures | (473) | (299) |
| Net cash used for investing activities | (1,818) | (5,203) |
| Cash Flows From Financing Activities: | | |
| Payments for repurchases of common stock | (502) | (2,002) |
| Proceeds from issuances of common stock | 1,014 | 487 |
| Shares repurchased for tax withholdings upon vesting of restricted stock-based awards | (331) | (170) |
| Payments of dividends to stockholders | (788) | (618) |
| Proceeds from borrowings, net of issuance costs | - | 13,932 |
| Repayments of borrowings | (4,800) | (3,750) |
| Distributions to noncontrolling interests | (34) | (167) |
| Net cash (used for) provided by financing activities | (5,441) | 7,712 |
| Effect of exchange rate changes on cash and cash equivalents | 230 | 78 |
| Net (decrease) increase in cash and cash equivalents | (463) | 8,462 |
| Cash and cash equivalents at beginning of period | 21,784 | 20,152 |
| Cash and cash equivalents at end of period | \$ 21,321 | \$ 28,614 |

ORACLE CORPORATION
Q1 FISCAL 2018 FINANCIAL RESULTS
FREE CASH FLOW - TRAILING 4-QUARTERS (1)
(\$ in millions)

| | Fiscal 2017 | | | | Fiscal 2018 | | | |
|--|-------------|-----------|-----------|-----------|-------------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| GAAP Operating Cash Flow | \$ 13,679 | \$ 14,249 | \$ 13,453 | \$ 14,126 | \$ 14,817 | | | |
| Capital Expenditures | (1,042) | (1,604) | (1,676) | (2,021) | (2,195) | | | |
| Free Cash Flow | \$ 12,637 | \$ 12,645 | \$ 11,777 | \$ 12,105 | \$ 12,622 | | | |
| % Growth over prior year | 5% | 10% | (7%) | (3%) | 0% | | | |
| GAAP Net Income | \$ 8,986 | \$ 8,820 | \$ 8,917 | \$ 9,335 | \$ 9,713 | | | |
| Free Cash Flow as a % of Net Income | 141% | 143% | 132% | 130% | 130% | | | |

(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
Q1 FISCAL 2018 FINANCIAL RESULTS
SUPPLEMENTAL ANALYSIS OF GAAP REVENUES (1)
(\$ in millions)

| | Fiscal 2017 | | | | | Fiscal 2018 | | | | |
|---|-------------|----------|----------|-----------|-----------|-------------|----|----|----|----------|
| | Q1 | Q2 | Q3 | Q4 | TOTAL | Q1 | Q2 | Q3 | Q4 | TOTAL |
| REVENUES | | | | | | | | | | |
| Cloud software as a service | \$ 657 | \$ 725 | \$ 865 | \$ 964 | \$ 3,211 | \$ 1,067 | | | | \$ 1,067 |
| Cloud platform as a service and infrastructure as a service | 312 | 328 | 324 | 397 | 1,360 | 400 | | | | 400 |
| Total cloud revenues | 969 | 1,053 | 1,189 | 1,361 | 4,571 | 1,467 | | | | 1,467 |
| New software licenses | 1,030 | 1,347 | 1,414 | 2,626 | 6,418 | 966 | | | | 966 |
| Software license updates and product support | 4,792 | 4,777 | 4,762 | 4,897 | 19,229 | 4,951 | | | | 4,951 |
| Total on-premise software revenues | 5,822 | 6,124 | 6,176 | 7,523 | 25,647 | 5,917 | | | | 5,917 |
| Total cloud and on-premise software revenues | 6,791 | 7,177 | 7,365 | 8,884 | 30,218 | 7,384 | | | | 7,384 |
| Total hardware revenues | 996 | 1,014 | 1,028 | 1,114 | 4,152 | 943 | | | | 943 |
| Total services revenues | 808 | 844 | 812 | 894 | 3,358 | 860 | | | | 860 |
| Total revenues | \$ 8,595 | \$ 9,035 | \$ 9,205 | \$ 10,892 | \$ 37,728 | \$ 9,187 | | | | \$ 9,187 |
| AS REPORTED REVENUE GROWTH RATES | | | | | | | | | | |
| Cloud software as a service | 50% | 57% | 64% | 67% | 61% | 62% | | | | 62% |
| Cloud platform as a service and infrastructure as a service | 80% | 75% | 55% | 40% | 60% | 28% | | | | 28% |
| Total cloud revenues | 59% | 62% | 62% | 58% | 60% | 51% | | | | 51% |
| New software licenses | (11%) | (20%) | (16%) | (5%) | (12%) | (6%) | | | | (6%) |
| Software license updates and product support | 2% | 2% | 2% | 2% | 2% | 3% | | | | 3% |
| Total on-premise software revenues | 0% | (4%) | (3%) | (1%) | (2%) | 2% | | | | 2% |
| Total cloud and on-premise software revenues | 5% | 2% | 4% | 5% | 4% | 9% | | | | 9% |
| Total hardware revenues | (12%) | (10%) | (9%) | (13%) | (11%) | (5%) | | | | (5%) |
| Total services revenues | (6%) | (2%) | 2% | 3% | (1%) | 6% | | | | 6% |
| Total revenues | 2% | 0% | 2% | 3% | 2% | 7% | | | | 7% |
| CONSTANT CURRENCY GROWTH RATES (2) | | | | | | | | | | |
| Cloud software as a service | 52% | 59% | 65% | 69% | 62% | 62% | | | | 62% |
| Cloud platform as a service and infrastructure as a service | 84% | 78% | 57% | 42% | 62% | 27% | | | | 27% |
| Total cloud revenues | 61% | 64% | 63% | 60% | 62% | 51% | | | | 51% |
| New software licenses | (10%) | (19%) | (15%) | (4%) | (11%) | (7%) | | | | (7%) |
| Software license updates and product support | 3% | 3% | 3% | 3% | 3% | 2% | | | | 2% |
| Total on-premise software revenues | 1% | (3%) | (2%) | 0% | (1%) | 1% | | | | 1% |
| Total cloud and on-premise software revenues | 6% | 3% | 5% | 6% | 5% | 8% | | | | 8% |
| Total hardware revenues | (11%) | (9%) | (9%) | (12%) | (10%) | (6%) | | | | (6%) |
| Total services revenues | (5%) | 0% | 3% | 4% | 1% | 5% | | | | 5% |
| Total revenues | 3% | 1% | 3% | 4% | 3% | 6% | | | | 6% |

(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, 2017 and 2016 for the fiscal 2018 and fiscal 2017 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q1 FISCAL 2018 FINANCIAL RESULTS
SUPPLEMENTAL GEOGRAPHIC GAAP REVENUES ANALYSIS (1)
(\$ in millions)

| | Fiscal 2017 | | | | | Fiscal 2018 | | | | |
|--|-------------|----------|----------|----------|-----------|-------------|----|----|----|----------|
| | Q1 | Q2 | Q3 | Q4 | TOTAL | Q1 | Q2 | Q3 | Q4 | TOTAL |
| AMERICAS | | | | | | | | | | |
| Total cloud and on-premise software revenues | \$ 3,876 | \$ 4,000 | \$ 4,280 | \$ 5,076 | \$ 17,231 | \$ 4,256 | | | | \$ 4,256 |
| Total hardware revenues | \$ 526 | \$ 510 | \$ 511 | \$ 542 | \$ 2,089 | \$ 485 | | | | \$ 485 |
| AS REPORTED GROWTH RATES | | | | | | | | | | |
| Total cloud and on-premise software revenues | 5% | 2% | 8% | 6% | 5% | 10% | | | | 10% |
| Total hardware revenues | (11%) | (14%) | (11%) | (17%) | (13%) | (8%) | | | | (8%) |
| CONSTANT CURRENCY GROWTH RATES (2) | | | | | | | | | | |
| Total cloud and on-premise software revenues | 6% | 2% | 7% | 6% | 5% | 9% | | | | 9% |
| Total hardware revenues | (10%) | (14%) | (11%) | (17%) | (13%) | (8%) | | | | (8%) |
| EUROPE / MIDDLE EAST / AFRICA | | | | | | | | | | |
| Total cloud and on-premise software revenues | \$ 1,903 | \$ 2,008 | \$ 2,019 | \$ 2,489 | \$ 8,419 | \$ 2,019 | | | | \$ 2,019 |
| Total hardware revenues | \$ 275 | \$ 294 | \$ 300 | \$ 352 | \$ 1,221 | \$ 271 | | | | \$ 271 |
| AS REPORTED GROWTH RATES | | | | | | | | | | |
| Total cloud and on-premise software revenues | 2% | (3%) | (2%) | 1% | (1%) | 6% | | | | 6% |
| Total hardware revenues | (17%) | (7%) | (14%) | (8%) | (11%) | (1%) | | | | (1%) |
| CONSTANT CURRENCY GROWTH RATES (2) | | | | | | | | | | |
| Total cloud and on-premise software revenues | 7% | 2% | 2% | 5% | 4% | 3% | | | | 3% |
| Total hardware revenues | (13%) | (2%) | (10%) | (4%) | (7%) | (4%) | | | | (4%) |
| ASIA PACIFIC | | | | | | | | | | |
| Total cloud and on-premise software revenues | \$ 1,012 | \$ 1,169 | \$ 1,066 | \$ 1,319 | \$ 4,568 | \$ 1,109 | | | | \$ 1,109 |
| Total hardware revenues | \$ 195 | \$ 210 | \$ 217 | \$ 220 | \$ 842 | \$ 187 | | | | \$ 187 |
| AS REPORTED GROWTH RATES | | | | | | | | | | |
| Total cloud and on-premise software revenues | 12% | 15% | 2% | 9% | 9% | 10% | | | | 10% |
| Total hardware revenues | (7%) | (1%) | 1% | (12%) | (5%) | (4%) | | | | (4%) |
| CONSTANT CURRENCY GROWTH RATES (2) | | | | | | | | | | |
| Total cloud and on-premise software revenues | 8% | 11% | 0% | 9% | 7% | 10% | | | | 10% |
| Total hardware revenues | (9%) | (3%) | 0% | (12%) | (6%) | (4%) | | | | (4%) |
| TOTAL COMPANY | | | | | | | | | | |
| Total cloud and on-premise software revenues | \$ 6,791 | \$ 7,177 | \$ 7,365 | \$ 8,884 | \$ 30,218 | \$ 7,384 | | | | \$ 7,384 |
| Total hardware revenues | \$ 996 | \$ 1,014 | \$ 1,028 | \$ 1,114 | \$ 4,152 | \$ 943 | | | | \$ 943 |
| AS REPORTED GROWTH RATES | | | | | | | | | | |
| Total cloud and on-premise software revenues | 5% | 2% | 4% | 5% | 4% | 9% | | | | 9% |
| Total hardware revenues | (12%) | (10%) | (9%) | (13%) | (11%) | (5%) | | | | (5%) |
| CONSTANT CURRENCY GROWTH RATES (2) | | | | | | | | | | |
| Total cloud and on-premise software revenues | 6% | 3% | 5% | 6% | 5% | 8% | | | | 8% |
| Total hardware revenues | (11%) | (9%) | (9%) | (12%) | (10%) | (6%) | | | | (6%) |

(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, 2017 and 2016 for the fiscal 2018 and fiscal 2017 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q1 FISCAL 2018 FINANCIAL RESULTS
SUPPLEMENTAL TOTAL CLOUD AND ON-PREMISE SOFTWARE GAAP REVENUES ANALYSIS (1)
(\$ in millions)

| | Fiscal 2017 | | | | | Fiscal 2018 | | | | |
|---|-------------|----------|----------|----------|-----------|-------------|----|----|----|----------|
| | Q1 | Q2 | Q3 | Q4 | TOTAL | Q1 | Q2 | Q3 | Q4 | TOTAL |
| APPLICATIONS REVENUES | | | | | | | | | | |
| Cloud software as a service | \$ 657 | \$ 725 | \$ 865 | \$ 964 | \$ 3,211 | \$ 1,067 | | | | \$ 1,067 |
| On-premise software revenues | 1,584 | 1,610 | 1,632 | 1,898 | 6,724 | 1,579 | | | | 1,579 |
| Total cloud and on-premise software revenues | \$ 2,241 | \$ 2,335 | \$ 2,497 | \$ 2,862 | \$ 9,935 | \$ 2,646 | | | | \$ 2,646 |
| AS REPORTED GROWTH RATES | | | | | | | | | | |
| Cloud software as a service | 50% | 57% | 64% | 67% | 61% | 62% | | | | 62% |
| On-premise software revenues | (5%) | (11%) | (8%) | (10%) | (8%) | 0% | | | | 0% |
| Total cloud and on-premise software revenues | 6% | 3% | 9% | 7% | 6% | 18% | | | | 18% |
| CONSTANT CURRENCY GROWTH RATES (2) | | | | | | | | | | |
| Cloud software as a service | 52% | 59% | 65% | 69% | 62% | 62% | | | | 62% |
| On-premise software revenues | (4%) | (9%) | (7%) | (9%) | (7%) | (1%) | | | | (1%) |
| Total cloud and on-premise software revenues | 8% | 5% | 9% | 8% | 8% | 17% | | | | 17% |
| PLATFORM AND INFRASTRUCTURE REVENUES | | | | | | | | | | |
| Cloud platform as a service and infrastructure as a service | \$ 312 | \$ 328 | \$ 324 | \$ 397 | \$ 1,360 | \$ 400 | | | | \$ 400 |
| On-premise software revenues | 4,238 | 4,514 | 4,544 | 5,625 | 18,923 | 4,338 | | | | 4,338 |
| Total cloud and on-premise software revenues | \$ 4,550 | \$ 4,842 | \$ 4,868 | \$ 6,022 | \$ 20,283 | \$ 4,738 | | | | \$ 4,738 |
| AS REPORTED GROWTH RATES | | | | | | | | | | |
| Cloud platform as a service and infrastructure as a service | 80% | 75% | 55% | 40% | 60% | 28% | | | | 28% |
| On-premise software revenues | 1% | (1%) | (1%) | 3% | 1% | 2% | | | | 2% |
| Total cloud and on-premise software revenues | 5% | 2% | 2% | 5% | 3% | 4% | | | | 4% |
| CONSTANT CURRENCY GROWTH RATES (2) | | | | | | | | | | |
| Cloud platform as a service and infrastructure as a service | 84% | 78% | 57% | 42% | 62% | 27% | | | | 27% |
| On-premise software revenues | 2% | (1%) | 0% | 4% | 1% | 1% | | | | 1% |
| Total cloud and on-premise software revenues | 5% | 2% | 2% | 6% | 4% | 3% | | | | 3% |

(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, 2017 and 2016 for the fiscal 2018 and fiscal 2017 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q1 FISCAL 2018 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:

- Cloud software as a service, cloud platform as a service and infrastructure as a service, and software license updates and product support deferred revenues: Business combination accounting rules require us to account for the fair values of cloud-based service contracts and software license updates and product support contracts assumed in connection with our acquisitions. Because these contracts are generally one year in duration, our GAAP revenues generally 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 revenues, cloud platform as a service and infrastructure as a service revenues, and software license updates and product 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-based service contracts; however, we cannot be certain that our customers will renew our cloud-based contracts or software license updates and product support contracts.
- 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. The presentation of 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 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 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 stock awards assumed in acquisitions whose vesting was fully accelerated upon termination of the employees pursuant to the original terms of those stock awards. 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 and/or strategic initiatives, we generally will incur these expenses in connection with any future acquisitions and/or strategic initiatives.