

Oracle Corporation

FY19 Q1 and Full Year EPS Guidance Range Reconciliation

GAAP to Non-GAAP Reconciliation

<u>FY19 Q1 EPS Guidance Range Reconciliation</u>	<u>In Constant Currency (1)</u>	
	<u>Low</u>	<u>High</u>
Diluted Earnings per Share - GAAP	\$ 0.48	\$ 0.50
Amortization of Intangible Assets	0.10	0.10
Stock Based Compensation	0.11	0.11
Restructuring	0.04	0.04
Subtotal GAAP adj	<u>0.25</u>	<u>0.25</u>
Income Tax Effect	(0.05)	(0.05)
Effect on Net Income	0.20	0.20
Diluted Earnings per Share - Non-GAAP	\$ 0.68	\$ 0.70

(1) Constant Currency amounts exclude the unfavorable impact of the (\$0.01) per share for both GAAP and Non GAAP EPS purposes related to the expected unfavorable currency movements in Q119 relative to Q118

*Note: for fiscal 2019, we believe our non-gaap EPS in constant currency will grow at 10% or greater. The difference between our forecasted non-GAAP constant currency EPS growth during fiscal 2019 and our forecasted GAAP EPS growth during fiscal 2019 is substantially attributable to:

- the operating income and related income tax effects of stock-based compensation, amortization of intangible assets, restructuring expenses and acquisition related expenses (refer to Appendix A for additional discussion): all of the aforementioned affected our GAAP EPS in fiscal 2018 and are expected to materially impact our GAAP EPS in fiscal 2019. Such effects were excluded from our estimated fiscal 2019 non-gaap constant currency EPS growth calculation;
- the income tax effects of the adoption of the U.S. tax act, which affected our GAAP EPS in fiscal 2018 and is not expected to materially impact our GAAP EPS in fiscal 2019. Such effects were excluded from our fiscal 2019 non-GAAP EPS constant currency growth calculation; and
- the impacts of foreign exchange rates, which affected our GAAP EPS in fiscal 2018 and is expected to impact our GAAP EPS in fiscal 2019. Such effects were excluded from our fiscal 2019 non-GAAP EPS constant currency growth calculation.

Note This guidance is as of June 19, 2018.

Oracle undertakes no duty to update this guidance in light of new information or future events. Please see the accompanying Safe Harbor Statement for important information.

ORACLE CORPORATION
FISAL 2019 FINANCIAL FORECASTS
EXPLANATION OF NON-GAAP MEASURES

Our fiscal 2019 forecasted 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. 2017 Tax Cuts and Jobs Act:

- Stock-based compensation expenses: We have excluded the effect of stock-based compensation expenses from our non-GAAP EPS measures. Although stock-based compensation is a key incentive offered to our employees, and we 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 EPS 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 EPS 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. 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. 2017 Tax Cuts and Jobs Act: The U.S. 2017 Tax Cuts and Jobs Act (the Act) was signed into law on December 22, 2017. For fiscal 2018 we recorded a charge of \$7 billion related to our preliminary assessment of the one-time effects of the Act, including the one-time transition tax on certain foreign subsidiary earnings and the remeasurement of net deferred income tax balances affected by the Act. We have excluded the impacts of this charge in estimating our fiscal 2019 non-GAAP constant currency EPS growth calculations. We believe making such adjustment provides insight to our operating performance and comparability to past operating results.

Safe Harbor Statement

"Safe Harbor" Statement: Statements in this presentation relating to Oracle's future plans, expectations, beliefs, intentions and prospects are "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, enhance and improve our products and support services in a timely manner or position and price our products and services to meet demand, customers may not buy cloud licenses and on-premise licenses, cloud services or hardware 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) Economic, political 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. (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) 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. (7) 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. 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 June 19, 2018. Oracle undertakes no duty to update any statement in light of new information or future events.