

ORACLE CORPORATION
Q3 FISCAL 2020 FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

| | Three Months Ended | | | | % Increase (Decrease) in US \$ | % Increase (Decrease) in Constant Currency (1) |
|--|----------------------|------------------|----------------------|------------------|--------------------------------------|---|
| | February 29, 2020 | % of Revenues | February 28, 2019 | % of Revenues | | |
| REVENUES | | | | | | |
| Cloud services and license support | \$ 6,930 | 71% | \$ 6,662 | 69% | 4% | 5% |
| Cloud license and on-premise license | 1,231 | 12% | 1,251 | 13% | (2%) | 0% |
| Hardware | 857 | 9% | 915 | 10% | (6%) | (5%) |
| Services | 778 | 8% | 786 | 8% | (1%) | 0% |
| Total revenues | 9,796 | 100% | 9,614 | 100% | 2% | 3% |
| OPERATING EXPENSES | | | | | | |
| Cloud services and license support | 991 | 10% | 937 | 10% | 6% | 7% |
| Hardware | 271 | 3% | 339 | 4% | (20%) | (19%) |
| Services | 702 | 7% | 700 | 7% | 0% | 2% |
| Sales and marketing | 2,049 | 21% | 2,051 | 21% | 0% | 1% |
| Research and development | 1,500 | 15% | 1,426 | 15% | 5% | 5% |
| General and administrative | 288 | 3% | 316 | 3% | (9%) | (8%) |
| Amortization of intangible assets | 400 | 4% | 407 | 4% | (2%) | (2%) |
| Acquisition related and other | 7 | 0% | (4) | 0% | 297% | 295% |
| Restructuring | 60 | 1% | 43 | 1% | 42% | 47% |
| Total operating expenses | 6,268 | 64% | 6,215 | 65% | 1% | 2% |
| OPERATING INCOME | 3,528 | 36% | 3,399 | 35% | 4% | 5% |
| Interest expense | (456) | (5%) | (509) | (5%) | (10%) | (10%) |
| Non-operating income, net | 4 | 0% | 198 | 2% | (98%) | (99%) |
| INCOME BEFORE PROVISION FOR INCOME TAXES | 3,076 | 31% | 3,088 | 32% | 0% | 1% |
| Provision for income taxes | 505 | 5% | 343 | 4% | 47% | 47% |
| NET INCOME | \$ 2,571 | 26% | \$ 2,745 | 28% | (6%) | (5%) |
| EARNINGS PER SHARE: | | | | | | |
| Basic | \$ 0.81 | | \$ 0.78 | | | |
| Diluted | \$ 0.79 | | \$ 0.76 | | | |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: | | | | | | |
| Basic | 3,190 | | 3,526 | | | |
| Diluted | 3,271 | | 3,617 | | | |

(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, 2019, 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 29, 2020 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 2020 FINANCIAL RESULTS
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)
(\$ in millions, except per share data)

| | Three Months Ended | | | | | | % Increase (Decrease) in US \$ | | % Increase (Decrease) in Constant Currency (2) | | |
|---|--------------------|----------|-------------------|----------|-------------------|----------|--------------------------------|----------|--|----------|-------|
| | February 29, 2020 | | February 29, 2020 | | February 28, 2019 | | February 28, 2019 | | GAAP | Non-GAAP | |
| | GAAP | Adj. | GAAP | Non-GAAP | GAAP | Adj. | GAAP | Non-GAAP | | | |
| TOTAL REVENUES | \$ 9,796 | \$ 1 | \$ 9,797 | | \$ 9,614 | \$ 4 | \$ 9,618 | 2% | 2% | 3% | 3% |
| Cloud services and license support | 6,930 | 1 | 6,931 | | 6,662 | 4 | 6,666 | 4% | 4% | 5% | 5% |
| TOTAL OPERATING EXPENSES | \$ 6,268 | \$ (828) | \$ 5,440 | | \$ 6,215 | \$ (873) | \$ 5,342 | 1% | 2% | 2% | 3% |
| Stock-based compensation (3) | 361 | (361) | - | | 427 | (427) | - | (15%) | * | (15%) | * |
| Amortization of intangible assets (4) | 400 | (400) | - | | 407 | (407) | - | (2%) | * | (2%) | * |
| Acquisition related and other | 7 | (7) | - | | (4) | 4 | - | 297% | * | 295% | * |
| Restructuring | 60 | (60) | - | | 43 | (43) | - | 42% | * | 47% | * |
| OPERATING INCOME | \$ 3,528 | \$ 829 | \$ 4,357 | | \$ 3,399 | \$ 877 | \$ 4,276 | 4% | 2% | 5% | 3% |
| OPERATING MARGIN % | 36% | | 44% | | 35% | | 44% | 65 bp. | 1 bp. | 78 bp. | 6 bp. |
| INCOME TAX EFFECTS (5) | \$ 505 | \$ 240 | \$ 745 | | \$ 343 | \$ 466 | \$ 809 | 47% | (8%) | 47% | (7%) |
| NET INCOME | \$ 2,571 | \$ 589 | \$ 3,160 | | \$ 2,745 | \$ 411 | \$ 3,156 | (6%) | 0% | (5%) | 1% |
| DILUTED EARNINGS PER SHARE | \$ 0.79 | | \$ 0.97 | | \$ 0.76 | | \$ 0.87 | 4% | 11% | 5% | 12% |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 3,271 | - | 3,271 | | 3,617 | - | 3,617 | (10%) | (10%) | (10%) | (10%) |

(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, 2019, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods.

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

| | Three Months Ended | | | Three Months Ended | | |
|------------------------------------|--------------------|----------|----------|--------------------|----------|----------|
| | February 29, 2020 | | | February 28, 2019 | | |
| | GAAP | Adj. | Non-GAAP | GAAP | Adj. | Non-GAAP |
| Cloud services and license support | \$ 22 | \$ (22) | \$ - | \$ 26 | \$ (26) | \$ - |
| Hardware | 3 | (3) | - | 2 | (2) | - |
| Services | 14 | (14) | - | 12 | (12) | - |
| Sales and marketing | 67 | (67) | - | 89 | (89) | - |
| Research and development | 238 | (238) | - | 254 | (254) | - |
| General and administrative | 17 | (17) | - | 44 | (44) | - |
| Total stock-based compensation | \$ 361 | \$ (361) | \$ - | \$ 427 | \$ (427) | \$ - |

(4) Estimated future annual amortization expense related to intangible assets as of February 29, 2020 was as follows:

| | |
|------------------------------|----------|
| Remainder of fiscal 2020 | \$ 366 |
| Fiscal 2021 | 1,345 |
| Fiscal 2022 | 1,097 |
| Fiscal 2023 | 674 |
| Fiscal 2024 | 445 |
| Fiscal 2025 | 126 |
| Thereafter | 35 |
| Total intangible assets, net | \$ 4,088 |

(5) Income tax effects were calculated reflecting an effective GAAP tax rate of 16.4% and 11.1% in the third quarter of fiscal 2020 and 2019, respectively, and an effective non-GAAP tax rate of 19.1% and 20.4% in the third quarter of fiscal 2020 and 2019, respectively. The difference in our GAAP and non-GAAP tax rates in the third quarter of fiscal 2020 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 rates in the third quarter of fiscal 2019 was primarily due to adjustments in our estimates for the one-time effects of the U.S. Tax Cuts and Jobs Act of 2017 (refer to Appendix A for additional information), the net tax effects on stock-based compensation expense, and acquisition related items, including the tax effects of amortization of intangible assets.

* Not meaningful

ORACLE CORPORATION
Q3 FISCAL 2020 YEAR TO DATE FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

| | Nine Months Ended | | | | % Increase (Decrease) in US \$ | % Increase (Decrease) in Constant Currency (1) |
|--|----------------------|------------------|----------------------|------------------|--------------------------------------|---|
| | February 29, 2020 | % of Revenues | February 28, 2019 | % of Revenues | | |
| REVENUES | | | | | | |
| Cloud services and license support | \$ 20,546 | 72% | \$ 19,908 | 70% | 3% | 4% |
| Cloud license and on-premise license | 3,169 | 11% | 3,334 | 12% | (5%) | (4%) |
| Hardware | 2,542 | 9% | 2,711 | 10% | (6%) | (5%) |
| Services | 2,372 | 8% | 2,416 | 8% | (2%) | (1%) |
| Total revenues | 28,629 | 100% | 28,369 | 100% | 1% | 2% |
| OPERATING EXPENSES | | | | | | |
| Cloud services and license support | 2,994 | 11% | 2,807 | 10% | 7% | 8% |
| Hardware | 828 | 3% | 998 | 4% | (17%) | (16%) |
| Services | 2,147 | 8% | 2,127 | 7% | 1% | 2% |
| Sales and marketing | 6,135 | 21% | 6,191 | 22% | (1%) | 0% |
| Research and development | 4,588 | 16% | 4,464 | 16% | 3% | 3% |
| General and administrative | 903 | 3% | 935 | 3% | (3%) | (3%) |
| Amortization of intangible assets | 1,221 | 4% | 1,265 | 4% | (3%) | (3%) |
| Acquisition related and other | 44 | 0% | 29 | 0% | 54% | 55% |
| Restructuring | 181 | 1% | 275 | 1% | (34%) | (33%) |
| Total operating expenses | 19,041 | 67% | 19,091 | 67% | 0% | 1% |
| OPERATING INCOME | 9,588 | 33% | 9,278 | 33% | 3% | 5% |
| Interest expense | (1,416) | (5%) | (1,557) | (5%) | (9%) | (9%) |
| Non-operating income, net | 195 | 1% | 681 | 2% | (71%) | (72%) |
| INCOME BEFORE PROVISION FOR INCOME TAXES | 8,367 | 29% | 8,402 | 30% | 0% | 1% |
| Provision for income taxes | 1,348 | 4% | 1,059 | 4% | 27% | 27% |
| NET INCOME | \$ 7,019 | 25% | \$ 7,343 | 26% | (4%) | (3%) |
| EARNINGS PER SHARE: | | | | | | |
| Basic | \$ 2.16 | | \$ 1.98 | | | |
| Diluted | \$ 2.10 | | \$ 1.93 | | | |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: | | | | | | |
| Basic | 3,251 | | 3,716 | | | |
| Diluted | 3,337 | | 3,811 | | | |

(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, 2019, 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 29, 2020 compared with the corresponding prior year period decreased our revenues by 1 percentage point, operating expenses by 1 percentage point and operating income by 2 percentage points.

ORACLE CORPORATION

Q3 FISCAL 2020 YEAR TO DATE FINANCIAL RESULTS
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)
(\$ in millions, except per share data)

| | Nine Months Ended | | | | | | % Increase (Decrease) in US \$ | | % Increase (Decrease) in Constant Currency (2) | |
|---|-------------------|------------|-------------------|-----------|-------------------|-----------|--------------------------------|----------|--|----------|
| | February 29, 2020 | | February 29, 2020 | | February 28, 2019 | | February 28, 2019 | | | |
| | GAAP | Adj. | Non-GAAP | GAAP | Adj. | Non-GAAP | GAAP | Non-GAAP | GAAP | Non-GAAP |
| TOTAL REVENUES | \$ 28,629 | \$ 3 | \$ 28,632 | \$ 28,369 | \$ 17 | \$ 28,386 | 1% | 1% | 2% | 2% |
| Cloud services and license support | 20,546 | 3 | 20,549 | 19,908 | 17 | 19,925 | 3% | 3% | 4% | 4% |
| TOTAL OPERATING EXPENSES | \$ 19,041 | \$ (2,650) | \$ 16,391 | \$ 19,091 | \$ (2,828) | \$ 16,263 | 0% | 1% | 1% | 2% |
| Stock-based compensation (3) | 1,204 | (1,204) | - | 1,259 | (1,259) | - | (4%) | * | (4%) | * |
| Amortization of intangible assets (4) | 1,221 | (1,221) | - | 1,265 | (1,265) | - | (3%) | * | (3%) | * |
| Acquisition related and other | 44 | (44) | - | 29 | (29) | - | 54% | * | 55% | * |
| Restructuring | 181 | (181) | - | 275 | (275) | - | (34%) | * | (33%) | * |
| OPERATING INCOME | \$ 9,588 | \$ 2,653 | \$ 12,241 | \$ 9,278 | \$ 2,845 | \$ 12,123 | 3% | 1% | 5% | 2% |
| OPERATING MARGIN % | 33% | | 43% | 33% | | 43% | 79 bp. | 5 bp. | 92 bp. | 10 bp. |
| INCOME TAX EFFECTS (5) | \$ 1,348 | \$ 769 | \$ 2,117 | \$ 1,059 | \$ 1,122 | \$ 2,181 | 27% | (3%) | 27% | (2%) |
| NET INCOME | \$ 7,019 | \$ 1,884 | \$ 8,903 | \$ 7,343 | \$ 1,723 | \$ 9,066 | (4%) | (2%) | (3%) | (1%) |
| DILUTED EARNINGS PER SHARE | \$ 2.10 | | \$ 2.67 | \$ 1.93 | | \$ 2.38 | 9% | 12% | 11% | 14% |
| DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 3,337 | - | 3,337 | 3,811 | - | 3,811 | (12%) | (12%) | (12%) | (12%) |

(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, 2019, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods.

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

| | Nine Months Ended February 29, 2020 | | | Nine Months Ended February 28, 2019 | | |
|------------------------------------|--|------------|----------|--|------------|----------|
| | GAAP | Adj. | Non-GAAP | GAAP | Adj. | Non-GAAP |
| Cloud services and license support | \$ 83 | \$ (83) | \$ - | \$ 74 | \$ (74) | \$ - |
| Hardware | 8 | (8) | - | 7 | (7) | - |
| Services | 42 | (42) | - | 37 | (37) | - |
| Sales and marketing | 192 | (192) | - | 278 | (278) | - |
| Research and development | 781 | (781) | - | 732 | (732) | - |
| General and administrative | 98 | (98) | - | 131 | (131) | - |
| Total stock-based compensation | \$ 1,204 | \$ (1,204) | \$ - | \$ 1,259 | \$ (1,259) | \$ - |

(4) Estimated future annual amortization expense related to intangible assets as of February 29, 2020 was as follows:

| | |
|------------------------------|----------|
| Remainder of fiscal 2020 | \$ 366 |
| Fiscal 2021 | 1,345 |
| Fiscal 2022 | 1,097 |
| Fiscal 2023 | 674 |
| Fiscal 2024 | 445 |
| Fiscal 2025 | 126 |
| Thereafter | 35 |
| Total intangible assets, net | \$ 4,088 |

(5) Income tax effects were calculated reflecting an effective GAAP tax rate of 16.1% and 12.6% in the first nine months of fiscal 2020 and 2019, respectively, and an effective non-GAAP tax rate of 19.2% and 19.4% in the first nine months of fiscal 2020 and 2019, respectively. The difference between our GAAP and non-GAAP tax rates in the first nine months of fiscal 2020 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 rates in the first nine months of fiscal 2019 was primarily due to adjustments in our estimates for the one-time effects of the U.S. Tax Cuts and Jobs Act of 2017 (refer to Appendix A for additional information), the net tax effects on stock-based compensation expense, and acquisition related items, including the tax effects of amortization of intangible assets.

* Not meaningful

ORACLE CORPORATION
Q3 FISCAL 2020 FINANCIAL RESULTS
CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in millions)

| | February 29, 2020 | May 31, 2019 |
|---|----------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 23,829 | \$ 20,514 |
| Marketable securities | 2,029 | 17,313 |
| Trade receivables, net | 4,162 | 5,134 |
| Prepaid expenses and other current assets | 3,422 | 3,425 |
| Total Current Assets | 33,442 | 46,386 |
| Non-Current Assets: | | |
| Property, plant and equipment, net | 6,248 | 6,252 |
| Intangible assets, net | 4,088 | 5,279 |
| Goodwill, net | 43,781 | 43,779 |
| Deferred tax assets | 2,883 | 2,696 |
| Other non-current assets | 6,262 | 4,317 |
| Total Non-Current Assets | 63,262 | 62,323 |
| TOTAL ASSETS | \$ 96,704 | \$ 108,709 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |
| Notes payable, current | \$ 2,355 | \$ 4,494 |
| Accounts payable | 533 | 580 |
| Accrued compensation and related benefits | 1,317 | 1,628 |
| Deferred revenues | 7,814 | 8,374 |
| Other current liabilities | 3,721 | 3,554 |
| Total Current Liabilities | 15,740 | 18,630 |
| Non-Current Liabilities: | | |
| Notes payable and other borrowings, non-current | 49,320 | 51,673 |
| Income taxes payable | 13,168 | 13,295 |
| Other non-current liabilities | 3,595 | 2,748 |
| Total Non-Current Liabilities | 66,083 | 67,716 |
| Equity | 14,881 | 22,363 |
| TOTAL LIABILITIES AND EQUITY | \$ 96,704 | \$ 108,709 |

ORACLE CORPORATION
Q3 FISCAL 2020 FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(\$ in millions)

| | Nine Months Ended | |
|---|----------------------|----------------------|
| | February 29, 2020 | February 28, 2019 |
| Cash Flows From Operating Activities: | | |
| Net income | \$ 7,019 | \$ 7,343 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 1,025 | 900 |
| Amortization of intangible assets | 1,221 | 1,265 |
| Deferred income taxes | (398) | (741) |
| Stock-based compensation | 1,204 | 1,259 |
| Other, net | 167 | 144 |
| Changes in operating assets and liabilities, net of effects from acquisitions: | | |
| Decrease in trade receivables, net | 946 | 1,106 |
| Decrease in prepaid expenses and other assets | 718 | 168 |
| Decrease in accounts payable and other liabilities | (1,035) | (647) |
| Decrease in income taxes payable | (789) | (410) |
| Decrease in deferred revenues | (553) | (258) |
| Net cash provided by operating activities | 9,525 | 10,129 |
| Cash Flows From Investing Activities: | | |
| Purchases of marketable securities and other investments | (399) | (1,310) |
| Proceeds from maturities of marketable securities and other investments | 3,165 | 10,210 |
| Proceeds from sales of marketable securities | 12,575 | 11,328 |
| Acquisitions, net of cash acquired | (111) | (330) |
| Capital expenditures | (1,131) | (1,247) |
| Net cash provided by investing activities | 14,099 | 18,651 |
| Cash Flows From Financing Activities: | | |
| Payments for repurchases of common stock | (13,935) | (29,887) |
| Proceeds from issuances of common stock | 1,232 | 1,468 |
| Shares repurchased for tax withholdings upon vesting of restricted stock-based awards | (624) | (455) |
| Payments of dividends to stockholders | (2,330) | (2,126) |
| Repayments of borrowings | (4,500) | (4,500) |
| Other, net | (108) | (95) |
| Net cash used for financing activities | (20,265) | (35,595) |
| Effect of exchange rate changes on cash and cash equivalents | (44) | (85) |
| Net increase (decrease) in cash and cash equivalents | 3,315 | (6,900) |
| Cash and cash equivalents at beginning of period | 20,514 | 21,620 |
| Cash and cash equivalents at end of period | \$ 23,829 | \$ 14,720 |

ORACLE CORPORATION
Q3 FISCAL 2020 FINANCIAL RESULTS
FREE CASH FLOW - TRAILING 4-QUARTERS (1)
(\$ in millions)

| | Fiscal 2019 | | | | Fiscal 2020 | | | |
|--|-------------|-----------|-----------|-----------|-------------|-----------|-----------|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| GAAP Operating Cash Flow | \$ 15,542 | \$ 15,238 | \$ 14,789 | \$ 14,551 | \$ 13,829 | \$ 13,796 | \$ 13,947 | |
| Capital Expenditures | (1,646) | (1,468) | (1,625) | (1,660) | (1,663) | (1,591) | (1,544) | |
| Free Cash Flow | \$ 13,896 | \$ 13,770 | \$ 13,164 | \$ 12,891 | \$ 12,166 | \$ 12,205 | \$ 12,403 | |
| % Growth over prior year | 10% | 10% | (1%) | (6%) | (12%) | (11%) | (6%) | |
| GAAP Net Income | \$ 3,708 | \$ 3,827 | \$ 10,619 | \$ 11,083 | \$ 10,955 | \$ 10,933 | \$ 10,759 | |
| Free Cash Flow as a % of Net Income | 375% | 360% | 124% | 116% | 111% | 112% | 115% | |

(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
Q3 FISCAL 2020 FINANCIAL RESULTS
SUPPLEMENTAL ANALYSIS OF GAAP REVENUES (1)
(\$ in millions)

| | Fiscal 2019 | | | | | Fiscal 2020 | | | | |
|---|-------------|----------|----------|-----------|-----------|-------------|----------|----------|----|-----------|
| | Q1 | Q2 | Q3 | Q4 | TOTAL | Q1 | Q2 | Q3 | Q4 | TOTAL |
| REVENUES BY OFFERINGS | | | | | | | | | | |
| Cloud services and license support | \$ 6,609 | \$ 6,637 | \$ 6,662 | \$ 6,799 | \$ 26,707 | \$ 6,805 | \$ 6,811 | \$ 6,930 | | \$ 20,546 |
| Cloud license and on-premise license | 867 | 1,217 | 1,251 | 2,520 | 5,855 | 812 | 1,126 | 1,231 | | 3,169 |
| Hardware | 904 | 891 | 915 | 994 | 3,704 | 815 | 871 | 857 | | 2,542 |
| Services | 813 | 817 | 786 | 823 | 3,240 | 786 | 806 | 778 | | 2,372 |
| Total revenues | \$ 9,193 | \$ 9,562 | \$ 9,614 | \$ 11,136 | \$ 39,506 | \$ 9,218 | \$ 9,614 | \$ 9,796 | | \$ 28,629 |
| AS REPORTED REVENUE GROWTH RATES | | | | | | | | | | |
| Cloud services and license support | 3% | 3% | 1% | 0% | 2% | 3% | 3% | 4% | | 3% |
| Cloud license and on-premise license | (3%) | (9%) | (4%) | 12% | 1% | (6%) | (7%) | (2%) | | (5%) |
| Hardware | (4%) | (5%) | (8%) | (11%) | (7%) | (10%) | (2%) | (6%) | | (6%) |
| Services | (5%) | (5%) | (1%) | (7%) | (5%) | (3%) | (1%) | (1%) | | (2%) |
| Total revenues | 1% | 0% | (1%) | 1% | 0% | 0% | 1% | 2% | | 1% |
| CONSTANT CURRENCY GROWTH RATES (2) | | | | | | | | | | |
| Cloud services and license support | 4% | 5% | 4% | 3% | 4% | 4% | 4% | 5% | | 4% |
| Cloud license and on-premise license | 0% | (6%) | 0% | 15% | 4% | (6%) | (7%) | 0% | | (4%) |
| Hardware | (3%) | (3%) | (4%) | (8%) | (5%) | (9%) | (1%) | (5%) | | (5%) |
| Services | (4%) | (2%) | 3% | (4%) | (2%) | (2%) | 0% | 0% | | (1%) |
| Total revenues | 2% | 2% | 3% | 4% | 3% | 2% | 1% | 3% | | 2% |
| CLOUD SERVICES AND LICENSE SUPPORT REVENUES BY ECOSYSTEM | | | | | | | | | | |
| Applications cloud services and license support | \$ 2,580 | \$ 2,621 | \$ 2,637 | \$ 2,716 | \$ 10,553 | \$ 2,704 | \$ 2,753 | \$ 2,809 | | \$ 8,265 |
| Infrastructure cloud services and license support | 4,029 | 4,016 | 4,025 | 4,083 | 16,154 | 4,101 | 4,058 | 4,121 | | 12,281 |
| Total cloud services and license support | \$ 6,609 | \$ 6,637 | \$ 6,662 | \$ 6,799 | \$ 26,707 | \$ 6,805 | \$ 6,811 | \$ 6,930 | | \$ 20,546 |
| AS REPORTED REVENUE GROWTH RATES | | | | | | | | | | |
| Applications cloud services and license support | 6% | 6% | 6% | 3% | 5% | 5% | 5% | 6% | | 5% |
| Infrastructure cloud services and license support | 1% | 1% | (2%) | (1%) | 0% | 2% | 1% | 2% | | 2% |
| Total cloud services and license support | 3% | 3% | 1% | 0% | 2% | 3% | 3% | 4% | | 3% |
| CONSTANT CURRENCY GROWTH RATES (2) | | | | | | | | | | |
| Applications cloud services and license support | 7% | 7% | 8% | 5% | 7% | 6% | 6% | 7% | | 6% |
| Infrastructure cloud services and license support | 3% | 3% | 2% | 2% | 2% | 3% | 2% | 4% | | 3% |
| Total cloud services and license support | 4% | 5% | 4% | 3% | 4% | 4% | 4% | 5% | | 4% |
| GEOGRAPHIC REVENUES | | | | | | | | | | |
| Americas | \$ 5,161 | \$ 5,243 | \$ 5,266 | \$ 6,184 | \$ 21,856 | \$ 5,150 | \$ 5,304 | \$ 5,363 | | \$ 15,817 |
| Europe/Middle East/Africa | 2,576 | 2,782 | 2,781 | 3,132 | 11,270 | 2,553 | 2,695 | 2,835 | | 8,083 |
| Asia Pacific | 1,456 | 1,537 | 1,567 | 1,820 | 6,380 | 1,515 | 1,615 | 1,598 | | 4,729 |
| Total revenues | \$ 9,193 | \$ 9,562 | \$ 9,614 | \$ 11,136 | \$ 39,506 | \$ 9,218 | \$ 9,614 | \$ 9,796 | | \$ 28,629 |

(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, 2019 and 2018 for the fiscal 2020 and fiscal 2019 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q3 FISCAL 2020 FINANCIAL RESULTS
EXPLANATION OF NON-GAAP MEASURES

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

- Cloud services and license support revenues: Business combination accounting rules require us to account for the fair values of cloud services and license support contracts assumed in connection with our acquisitions. The non-GAAP adjustments to our cloud services and license support revenues are intended to include, and thus reflect, the full amount of such revenues. We believe the adjustments to these revenues are useful to investors as a measure of the ongoing performance of our business as we generally expect to experience high renewal rates for these contracts at their stated values during the post combination periods.
- 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 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 for transitional and certain other employees, integration related professional services, certain business combination adjustments including adjustments after the measurement period has ended and certain other operating items, net. Restructuring expenses consist of employee severance and other exit costs. We believe it is useful for investors to understand the effects of these items on our total operating expenses. Although acquisition related and other expenses and restructuring expenses generally diminish over time with respect to past acquisitions and/or strategic initiatives, we generally will incur these expenses in connection with any future acquisitions and/or strategic initiatives.
- Impact of the U.S. Tax Cuts and Jobs Act of 2017: The U.S. Tax Cuts and Jobs Act of 2017 (the Tax Act) was signed into law on December 22, 2017. For the three and nine months ended February 28, 2019, we recorded benefits of \$236 million and \$389 million, respectively, related to adjustments in our estimates of the one-time effects of the Tax Act, including the one-time transition tax on certain foreign subsidiary earnings and the remeasurement of net deferred income tax balances affected by the Tax Act. We have excluded the impacts of these benefits from our non-GAAP income taxes and net income measures for the third quarter and first nine months of fiscal 2019. We believe making these adjustments provides insight to our operating performance and comparability.