Oracle Corporation

FY19 Q4 EPS Guidance Range Reconciliation

GAAP to Non-GAAP Reconciliation

	In Constant Currency (1)	
FY19 Q4 EPS Guidance Range Reconciliation	**Low**	**High**
Diluted Earnings per Share - GAAP	**$ 0.85**	**$ 0.89**
Amortization of Intangible Assets	0.12	0.12
Stock Based Compensation	0.13	0.13
Restructuring	0.04	0.04
Subtotal GAAP adj	0.29	0.29
Income Tax Effect	(0.06)	(0.06)
Effect on Net Income	0.23	0.23
Diluted Earnings per Share - Non-GAAP	**$ 1.08**	**$ 1.12**

(1) Constant Currency amounts exclude the unfavorable impact of ($0.03) per share for Non GAAP EPS purposes related to the expected unfavorable currency movements in Q419 relative to Q418

Note This guidance is as of March 14, 2019.

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
Q4 FISCAL 2019 FINANCIAL RESULTS
EXPLANATION OF NON-GAAP MEASURES

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

• Cloud services and license support revenues: Business combination accounting rules require us to account for the fair values of cloud services and license support contracts assumed in connection with our acquisitions. The non-GAAP adjustments to our cloud services and license support revenues are intended to include, and thus reflect, the full amount of such revenues. We believe the adjustments to these revenues are useful to investors as a measure of the ongoing performance of our business as we generally expect to experience high renewal rates for these contracts at their stated values during the post combination periods.

• Deferred sales commissions amortization: Certain acquired companies capitalized sales commissions associated with subscription agreements and amortized these amounts over the related contractual terms. Business combination accounting rules generally require us to eliminate these capitalized sales commissions balances as of the acquisition date and our post-combination GAAP sales and marketing expenses generally do not reflect the amortization of these deferred sales commissions balances. The non-GAAP adjustment to increase our sales and marketing expenses is intended to include, and thus reflect, the full amount of amortization related to such balances as though the acquired companies operated independently in the periods presented. We believe this adjustment to sales and marketing expenses is useful to investors as a measure of the ongoing performance of our business.

• Stock-based compensation expenses: We have excluded the effect of stock-based compensation expenses from our non-GAAP operating expenses and net income measures. Although stock-based compensation is a key incentive offered to our employees, and we believe such compensation contributed to the revenues earned during the periods presented and also believe it will contribute to the generation of future period revenues, we continue to evaluate our business performance excluding stock-based compensation expenses. Stock-based compensation expenses will recur in future periods.

• Amortization of intangible assets: We have excluded the effect of amortization of intangible assets from our non-GAAP operating expenses and net income measures. Amortization of intangible assets is inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.

• Acquisition related and other expenses; and restructuring expenses: We have excluded the effect of acquisition related and other expenses and the effect of restructuring expenses from our non-GAAP operating expenses and net income measures. We incurred significant expenses in connection with our acquisitions and also incurred certain other operating expenses or income, which we generally would not have otherwise incurred in the periods presented as a part of our continuing operations. Acquisition related and other expenses primarily consist of personnel related costs and stock-based compensation expenses for transitional and certain other employees, integration related professional services, certain business combination adjustments including adjustments after the measurement period has ended and certain other operating items, net. Restructuring expenses consist of employee severance and other exit costs. We believe it is useful for investors to understand the effects of these items on our total operating expenses. Although acquisition related and other expenses and restructuring expenses generally diminish over time with respect to past acquisitions and/or strategic initiatives, we generally will incur these expenses in connection with any future acquisitions and/or strategic initiatives.

• Impact of the U.S. Tax Cuts and Jobs Act of 2017: The U.S. Tax Cuts and Jobs Act of 2017 (the Tax Act) was signed into law on December 22, 2017. For the three and nine months ended February 28, 2019, we recorded a net benefit 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 recorded a net charge of $6.9 billion during the three and nine months ended February 28, 2018 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 these items from our non-GAAP income taxes and net income measures for the third quarter and first nine months of fiscal 2019 and 2018. We believe making these adjustments 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 strategy, including our Oracle Software as a Service, Platform as a Service, Infrastructure as a Service and Data as a Service offerings, may not be successful. (2) If we are unable to develop new or sufficiently differentiated products and services, integrate acquired products and services, or enhance and improve our existing products and support services in a timely manner, or price our products and services to meet market demand, customers may not purchase or subscribe to our software, hardware or cloud offerings or renew software support, hardware support or cloud subscriptions contracts. (3) Enterprise customers rely on our cloud, license and hardware offerings and related services to run their businesses and significant coding, manufacturing or configuration errors in our cloud, license and hardware offerings and related services could expose us to product liability, performance and warranty claims, as well as cause significant harm to our brand and reputation, which could impact our future sales. (4) If the security measures for our products and services are compromised and as a result, our customers' data or our IT systems are accessed improperly, made unavailable, or improperly modified, our products and services may be perceived as vulnerable, our brand and reputation could be damaged and we may experience legal claims and reduced sales. (5) Our business practices with respect to data could give rise to operational interruption, liabilities or reputational harm as a result of governmental regulation, legal requirements or industry standards relating to consumer privacy and data protection. (6) 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. (7) Our international sales and operations subject us to additional risks that can adversely affect our operating results. (8) We have a selective and 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 March 14, 2019. Oracle undertakes no duty to update any statement in light of new information or future events.