

ORACLE CORPORATION

Q1 FISCAL 2010 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)
	2009	% of Revenues	2008	% of Revenues		
REVENUES						
New software licenses	\$ 1,028	20%	\$ 1,237	23%	(17%)	(14%)
Software license updates and product support	3,117	62%	2,935	55%	6%	11%
Software Revenues	4,145	82%	4,172	78%	(1%)	4%
Services	909	18%	1,159	22%	(22%)	(18%)
Total Revenues	5,054	100%	5,331	100%	(5%)	(1%)
OPERATING EXPENSES						
Sales and marketing	960	19%	1,112	21%	(14%)	(10%)
Software license updates and product support	226	4%	282	5%	(20%)	(16%)
Cost of services	782	16%	1,026	19%	(24%)	(19%)
Research and development	660	13%	708	13%	(7%)	(5%)
General and administrative	201	4%	206	4%	(3%)	1%
Amortization of intangible assets	431	9%	413	8%	4%	4%
Acquisition related and other	6	0%	49	1%	(88%)	(87%)
Restructuring	48	1%	14	0%	255%	284%
Total Operating Expenses	3,314	66%	3,810	71%	(13%)	(9%)
OPERATING INCOME	1,740	34%	1,521	29%	14%	21%
Interest expense	(179)	(3%)	(159)	(3%)	12%	12%
Non-operating income, net	1	0%	82	1%	(98%)	(99%)
INCOME BEFORE PROVISION FOR INCOME TAXES	1,562	31%	1,444	27%	8%	15%
Provision for income taxes	438	9%	367	7%	19%	27%
NET INCOME	\$ 1,124	22%	\$ 1,077	20%	4%	11%
EARNINGS PER SHARE:						
Basic	\$ 0.22		\$ 0.21			
Diluted	\$ 0.22		\$ 0.21			
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:						
Basic	5,009		5,152			
Diluted	5,063		5,235			

(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 rate in effect on May 31, 2009, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods. The United States dollar strengthened relative to most major international currencies in the three months ended August 31, 2009 compared with the corresponding prior year period, reducing revenues by 4 percentage points, operating expenses by 4 percentage points and operating income by 7 percentage points.

ORACLE CORPORATION

Q1 FISCAL 2010 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)	
	2009 GAAP	Adj.	2009 Non-GAAP	2008 GAAP	Adj.	2008 Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
TOTAL REVENUES (3)	\$ 5,054	\$ 9	\$ 5,063	\$ 5,331	\$ 91	\$ 5,422	(5%)	(7%)	(1%)	(2%)
TOTAL SOFTWARE REVENUES (3)	\$ 4,145	\$ 9	\$ 4,154	\$ 4,172	\$ 91	\$ 4,263	(1%)	(3%)	4%	2%
New software licenses	1,028	-	1,028	1,237	-	1,237	(17%)	(17%)	(14%)	(14%)
Software license updates and product support (3)	3,117	9	3,126	2,935	91	3,026	6%	3%	11%	8%
TOTAL OPERATING EXPENSES	\$ 3,314	\$ (569)	\$ 2,745	\$ 3,810	\$ (562)	\$ 3,248	(13%)	(15%)	(9%)	(12%)
Stock-based compensation (4)	84	(84)	-	86	(86)	-	(3%)	*	(3%)	*
Amortization of intangible assets (5)	431	(431)	-	413	(413)	-	4%	*	4%	*
Acquisition related and other	6	(6)	-	49	(49)	-	(88%)	*	(87%)	*
Restructuring	48	(48)	-	14	(14)	-	255%	*	284%	*
OPERATING INCOME	\$ 1,740	\$ 578	\$ 2,318	\$ 1,521	\$ 653	\$ 2,174	14%	7%	21%	11%
OPERATING MARGIN %	34%		46%	29%		40%	590 bp	568 bp	623 bp	558 bp
INCOME TAX EFFECTS (6)	\$ 438	\$ 162	\$ 600	\$ 367	\$ 186	\$ 553	19%	8%	27%	13%
NET INCOME	\$ 1,124	\$ 416	\$ 1,540	\$ 1,077	\$ 467	\$ 1,544	4%	0%	11%	4%
DILUTED EARNINGS PER SHARE	\$ 0.22		\$ 0.30	\$ 0.21		\$ 0.29	8%	3%	15%	8%
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,063	-	5,063	5,235	-	5,235	(3%)	(3%)	(3%)	(3%)

(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 rate in effect on May 31, 2009, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods.

(3) As of August 31, 2009, approximately \$15 million in estimated revenues related to assumed support contracts will not be recognized for fiscal 2010 due to business combination accounting rules.

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

	Three Months Ended August 31, 2009				Three Months Ended August 31, 2008		
	GAAP	Adj.	Non-GAAP		GAAP	Adj.	Non-GAAP
Sales and marketing	\$ 16	\$ (16)	\$ -		\$ 19	\$ (19)	\$ -
Software license updates and product support	4	(4)	-		3	(3)	-
Cost of services	3	(3)	-		3	(3)	-
Research and development	32	(32)	-		37	(37)	-
General and administrative	29	(29)	-		24	(24)	-
Subtotal	84	(84)	-		86	(86)	-
Acquisition related and other	-	-	-		5	(5)	-
Total stock-based compensation	\$ 84	\$ (84)	\$ -		\$ 91	\$ (91)	\$ -

(5) Estimated future annual amortization expense related to intangible assets as of August 31, 2009 is as follows:

2010	\$ 1,204
Fiscal 2011	1,388
Fiscal 2012	1,239
Fiscal 2013	1,090
Fiscal 2014	890
Fiscal 2015	703
Thereafter	372
Total	\$ 6,886

(6) Income tax effects were calculated reflecting an effective GAAP tax rate of 28.0% and 25.4% in the first quarter of fiscal 2010 and 2009, respectively, and an effective non-GAAP tax rate of 28.0% and 26.4% in the first quarter of fiscal 2010 and 2009, respectively. Our non GAAP tax rate in the first quarter of fiscal 2009 excludes the effect of an adjustment to our non-current deferred tax liability associated with acquired intangible assets.

* Not meaningful

ORACLE CORPORATION
Q1 FISCAL 2010 FINANCIAL RESULTS
CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in millions)

	August 31, 2009	May 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 16,098	\$ 8,995
Marketable securities	4,467	3,629
Trade receivables, net	2,584	4,430
Deferred tax assets	710	661
Prepaid expenses and other current assets	586	866
Total Current Assets	24,445	18,581
Non-Current Assets:		
Property, net	1,924	1,922
Intangible assets, net	6,886	7,269
Goodwill	18,867	18,842
Other assets	876	802
Total Non-Current Assets	28,553	28,835
TOTAL ASSETS	\$ 52,998	\$ 47,416
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable, current and other current borrowings	\$ 1,001	\$ 1,001
Accounts payable	260	271
Accrued compensation and related benefits	1,033	1,409
Deferred revenues	5,283	4,592
Other current liabilities	1,583	1,876
Total Current Liabilities	9,160	9,149
Non-Current Liabilities:		
Notes payable and other non-current borrowings	13,723	9,237
Income taxes payable	2,485	2,423
Deferred tax liabilities	465	480
Other non-current liabilities	678	682
Total Non-Current Liabilities	17,351	12,822
Stockholders' Equity	26,487	25,445
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 52,998	\$ 47,416

ORACLE CORPORATION

Q1 FISCAL 2010 FINANCIAL RESULTS CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (\$ in millions)

	Three Months Ended August 31,	
	2009	2008
Cash Flows From Operating Activities:		
Net income	\$ 1,124	\$ 1,077
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	61	64
Amortization of intangible assets	431	413
Deferred income taxes	(75)	(53)
Stock-based compensation	84	91
Tax benefits on the exercise of stock options	51	101
Excess tax benefits on the exercise of stock options	(30)	(65)
Other, net	40	19
Changes in operating assets and liabilities, net of effects from acquisitions:		
Decrease in trade receivables, net	1,870	1,812
Decrease in prepaid expenses and other assets	251	397
Decrease in accounts payable and other liabilities	(642)	(906)
Decrease in income taxes payable	(9)	(361)
Increase in deferred revenues	582	651
Net cash provided by operating activities	3,738	3,240
Cash Flows From Investing Activities:		
Purchases of marketable securities and other investments	(2,760)	(3,188)
Proceeds from maturities and sales of marketable securities and other investments	1,947	1,420
Acquisitions, net of cash acquired	(79)	(395)
Capital expenditures	(55)	(323)
Net cash used for investing activities	(947)	(2,486)
Cash Flows From Financing Activities:		
Payments for repurchases of common stock	(244)	(500)
Proceeds from issuances of common stock	247	280
Payment of dividends to stockholders	(251)	-
Proceeds from borrowings, net of issuance costs	4,461	-
Repayments of borrowings	-	(4)
Excess tax benefits on the exercise of stock options	30	65
Distributions to noncontrolling interests	(34)	(30)
Net cash provided by (used for) financing activities	4,209	(189)
Effect of exchange rate changes on cash and cash equivalents	103	(274)
Net increase in cash and cash equivalents	7,103	291
Cash and cash equivalents at beginning of period	8,995	8,262
Cash and cash equivalents at end of period	\$ 16,098	\$ 8,553

ORACLE CORPORATION
Q1 FISCAL 2010 FINANCIAL RESULTS
FREE CASH FLOW - TRAILING 4-QUARTERS (1)
(\$ in millions)

	Fiscal 2009				Fiscal 2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP Operating Cash Flow	\$ 7,941	\$ 8,089	\$ 8,542	\$ 8,255	\$ 8,753			
Capital Expenditures (2)	(479)	(486)	(539)	(529)	(261)			
Free Cash Flow	\$ 7,462	\$ 7,603	\$ 8,003	\$ 7,726	\$ 8,492			
% Growth over prior year	20%	15%	14%	8%	14%			
GAAP Net Income	\$ 5,758	\$ 5,750	\$ 5,739	\$ 5,593	\$ 5,640			
Free Cash Flow as a % of Net Income	130%	132%	139%	138%	151%			

(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.

(2) Represents capital expenditures as reported in cash flows from investing activities on our cash flow statements presented in accordance with GAAP.

ORACLE CORPORATION
Q1 FISCAL 2010 FINANCIAL RESULTS
SUPPLEMENTAL ANALYSIS OF GAAP REVENUES AND HEADCOUNT (1)
(\$ in millions)

	Fiscal 2009					Fiscal 2010				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
REVENUES										
New software licenses	\$ 1,237	\$ 1,626	\$ 1,516	\$ 2,744	\$ 7,123	\$ 1,028				\$ 1,028
Software license updates and product support	2,935	2,850	2,917	3,052	11,754	3,117				3,117
Software Revenues	4,172	4,476	4,433	5,796	18,877	4,145				4,145
Consulting	865	842	758	782	3,247	663				663
On Demand	195	189	191	204	779	180				180
Education	99	100	71	79	349	66				66
Services Revenues	1,159	1,131	1,020	1,065	4,375	909				909
Total Revenues	\$ 5,331	\$ 5,607	\$ 5,453	\$ 6,861	\$ 23,252	\$ 5,054				\$ 5,054
AS REPORTED REVENUE GROWTH RATES										
New software licenses	14%	(3%)	(6%)	(13%)	(5%)	(17%)				(17%)
Software license updates and product support	23%	14%	11%	8%	14%	6%				6%
Software Revenues	20%	8%	5%	(3%)	6%	(1%)				(1%)
Consulting	8%	(4%)	(10%)	(18%)	(7%)	(23%)				(23%)
On Demand	23%	13%	10%	5%	12%	(8%)				(8%)
Education	(2%)	(9%)	(23%)	(30%)	(16%)	(34%)				(34%)
Services Revenues	9%	(2%)	(8%)	(16%)	(5%)	(22%)				(22%)
Total Revenues	18%	6%	2%	(5%)	4%	(5%)				(5%)
CONSTANT CURRENCY GROWTH RATES (2)										
New software licenses	10%	5%	3%	(4%)	1%	(14%)				(14%)
Software license updates and product support	18%	20%	20%	18%	19%	11%				11%
Software Revenues	16%	14%	14%	6%	12%	4%				4%
Consulting	5%	4%	0%	(10%)	(1%)	(19%)				(19%)
On Demand	19%	19%	19%	15%	18%	(3%)				(3%)
Education	(6%)	(3%)	(16%)	(23%)	(12%)	(30%)				(30%)
Services Revenues	6%	5%	2%	(7%)	1%	(18%)				(18%)
Total Revenues	14%	12%	11%	4%	10%	(1%)				(1%)
GEOGRAPHIC REVENUES										
REVENUES										
Americas	\$ 2,687	\$ 2,904	\$ 2,846	\$ 3,463	\$ 11,900	\$ 2,671				\$ 2,671
Europe, Middle East & Africa	1,830	1,881	1,824	2,413	7,948	1,642				1,642
Asia Pacific	814	822	783	985	3,404	741				741
Total Revenues	\$ 5,331	\$ 5,607	\$ 5,453	\$ 6,861	\$ 23,252	\$ 5,054				\$ 5,054
HEADCOUNT										
GEOGRAPHIC AREA										
Americas	32,993	33,526	32,919	32,347		32,034				32,034
Europe, Middle East & Africa	17,096	17,184	17,348	17,129		16,839				16,839
Asia Pacific	35,099	35,947	36,321	36,086		35,766				35,766
Total Company	85,188	86,657	86,588	85,562		84,639				84,639

(1) The sum of the quarterly financial information may vary from year-to-date financial information 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, 2009 and 2008 for the fiscal 2010 and fiscal 2009 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q1 FISCAL 2010 FINANCIAL RESULTS
SUPPLEMENTAL TOTAL SOFTWARE PRODUCT REVENUE ANALYSIS (1)
(\$ in millions)

	Fiscal 2009					Fiscal 2010				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
<u>APPLICATIONS REVENUES</u>										
New software licenses	\$ 331	\$ 469	\$ 396	\$ 805	\$ 2,000	\$ 317				\$ 317
Software license updates and product support	1,043	1,015	1,003	1,044	4,105	1,052				1,052
Software Revenues	\$ 1,374	\$ 1,484	\$ 1,399	\$ 1,849	\$ 6,105	\$ 1,369				\$ 1,369
<u>AS REPORTED GROWTH RATES</u>										
New software licenses	(12%)	(15%)	(12%)	(19%)	(16%)	(4%)				(4%)
Software license updates and product support	18%	9%	3%	0%	7%	1%				1%
Software Revenues	9%	0%	(2%)	(9%)	(2%)	0%				0%
<u>CONSTANT CURRENCY GROWTH RATES (2)</u>										
New software licenses	(14%)	(9%)	(4%)	(11%)	(10%)	(1%)				(1%)
Software license updates and product support	13%	15%	11%	9%	12%	6%				6%
Software Revenues	5%	6%	7%	(1%)	4%	4%				4%
<u>DATABASE & MIDDLEWARE REVENUES</u>										
New software licenses	\$ 906	\$ 1,157	\$ 1,120	\$ 1,939	\$ 5,123	\$ 711				\$ 711
Software license updates and product support	1,892	1,835	1,914	2,008	7,649	2,065				2,065
Software Revenues	\$ 2,798	\$ 2,992	\$ 3,034	\$ 3,947	\$ 12,772	\$ 2,776				\$ 2,776
<u>AS REPORTED GROWTH RATES</u>										
New software licenses	27%	4%	(4%)	(10%)	0%	(22%)				(22%)
Software license updates and product support	26%	17%	16%	12%	18%	9%				9%
Software Revenues	27%	12%	8%	0%	10%	(1%)				(1%)
<u>CONSTANT CURRENCY GROWTH RATES (2)</u>										
New software licenses	23%	12%	6%	(1%)	7%	(19%)				(19%)
Software license updates and product support	22%	24%	25%	23%	23%	14%				14%
Software Revenues	22%	19%	17%	10%	16%	4%				4%

(1) The sum of the quarterly financial information may vary from year-to-date financial information 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, 2009 and 2008 for the fiscal 2010 and fiscal 2009 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q1 FISCAL 2010 FINANCIAL RESULTS
SUPPLEMENTAL GEOGRAPHIC NEW SOFTWARE LICENSE REVENUE ANALYSIS (1)
(\$ in millions)

	Fiscal 2009					Fiscal 2010				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
AMERICAS										
Database & Middleware	\$ 354	\$ 471	\$ 449	\$ 840	\$ 2,114	\$ 310				\$ 310
Applications	182	280	224	416	1,102	185				185
New Software License Revenues	\$ 536	\$ 751	\$ 673	\$ 1,256	\$ 3,216	\$ 495				\$ 495
AS REPORTED GROWTH RATES										
Database & Middleware	18%	5%	(7%)	(9%)	(2%)	(12%)				(12%)
Applications	(9%)	(9%)	(11%)	(25%)	(16%)	2%				2%
New Software License Revenues	7%	0%	(9%)	(15%)	(7%)	(7%)				(7%)
CONSTANT CURRENCY GROWTH RATES (2)										
Database & Middleware	17%	10%	(1%)	(6%)	2%	(11%)				(11%)
Applications	(10%)	(6%)	(8%)	(22%)	(14%)	6%				6%
New Software License Revenues	6%	3%	(4%)	(12%)	(4%)	(5%)				(5%)
EUROPE / MIDDLE EAST / AFRICA										
Database & Middleware	\$ 326	\$ 431	\$ 446	\$ 759	\$ 1,962	\$ 224				\$ 224
Applications	94	126	125	282	627	90				90
New Software License Revenues	\$ 420	\$ 557	\$ 571	\$ 1,041	\$ 2,589	\$ 314				\$ 314
AS REPORTED GROWTH RATES										
Database & Middleware	28%	2%	0%	(14%)	(2%)	(31%)				(31%)
Applications	(23%)	(28%)	(12%)	(11%)	(17%)	(5%)				(5%)
New Software License Revenues	11%	(7%)	(3%)	(13%)	(6%)	(25%)				(25%)
CONSTANT CURRENCY GROWTH RATES (2)										
Database & Middleware	20%	16%	15%	1%	10%	(26%)				(26%)
Applications	(26%)	(16%)	2%	5%	(6%)	3%				3%
New Software License Revenues	5%	7%	12%	2%	6%	(20%)				(20%)
ASIA PACIFIC										
Database & Middleware	\$ 226	\$ 255	\$ 225	\$ 340	\$ 1,047	\$ 177				\$ 177
Applications	55	63	47	107	271	42				42
New Software License Revenues	\$ 281	\$ 318	\$ 272	\$ 447	\$ 1,318	\$ 219				\$ 219
AS REPORTED GROWTH RATES										
Database & Middleware	45%	4%	(3%)	(1%)	7%	(22%)				(22%)
Applications	1%	(13%)	(18%)	(11%)	(11%)	(24%)				(24%)
New Software License Revenues	34%	0%	(6%)	(3%)	3%	(22%)				(22%)
CONSTANT CURRENCY GROWTH RATES (2)										
Database & Middleware	38%	8%	1%	5%	11%	(22%)				(22%)
Applications	(1%)	(2%)	(2%)	(4%)	(3%)	(23%)				(23%)
New Software License Revenues	28%	5%	1%	3%	7%	(22%)				(22%)
TOTAL COMPANY										
Database & Middleware	\$ 906	\$ 1,157	\$ 1,120	\$ 1,939	\$ 5,123	\$ 711				\$ 711
Applications	331	469	396	805	2,000	317				317
New Software License Revenues	\$ 1,237	\$ 1,626	\$ 1,516	\$ 2,744	\$ 7,123	\$ 1,028				\$ 1,028
AS REPORTED GROWTH RATES										
Database & Middleware	27%	4%	(4%)	(10%)	0%	(22%)				(22%)
Applications	(12%)	(15%)	(12%)	(19%)	(16%)	(4%)				(4%)
New Software License Revenues	14%	(3%)	(6%)	(13%)	(5%)	(17%)				(17%)
CONSTANT CURRENCY GROWTH RATES (2)										
Database & Middleware	23%	12%	6%	(1%)	7%	(19%)				(19%)
Applications	(14%)	(9%)	(4%)	(11%)	(10%)	0%				0%
New Software License Revenues	10%	5%	3%	(4%)	1%	(14%)				(14%)

(1) The sum of the quarterly financial information may vary from year-to-date financial information 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, 2009 and 2008 for the fiscal 2010 and fiscal 2009 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q1 FISCAL 2010 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:

- Support deferred revenue: Business combination accounting rules require us to account for the fair value of support contracts assumed in connection with our acquisitions. Because these are typically one-year contracts, our GAAP revenues for the one year period subsequent to our acquisition of a business do not reflect the full amount of software license updates and product support revenues on assumed support contracts that would have otherwise been recorded by the acquired entity. The non-GAAP adjustment is intended to reflect the full amount of such revenues. We believe this adjustment is useful to investors as a measure of the ongoing performance of our business because we have historically experienced high renewal rates on support contracts, although we cannot be certain that customers will renew these 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 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 revenues earned during the periods presented and will contribute to future period revenues as well. Amortization of intangible assets will recur in future periods.

- Acquisition related and other expenses, and restructuring expenses: 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 after the measurement period or purchase price allocation period has ended and certain other operating expenses, 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 are not recurring with respect to past acquisitions, we generally will incur these expenses in connection with any future acquisitions.