# ORACLE CORPORATION

## Q3 FISCAL 2010 FINANCIAL RESULTS
## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
## ($ in millions, except per share data)

| | Three Months Ended February 28, | | | | % Increase (Decrease) in US $ | % Increase (Decrease) in Constant Currency (1) |
|---|---|---|---|---|---|---|
| | 2010 | % of Revenues | 2009 | % of Revenues | | |
| **REVENUES** | | | | | | |
| New software licenses | $ 1,718 | 27% | $ 1,516 | 28% | 13% | 8% |
| Software license updates and product support | 3,297 | 51% | 2,917 | 53% | 13% | 8% |
| Software Revenues | 5,015 | 78% | 4,433 | 81% | 13% | 8% |
| Hardware systems products | 273 | 4% | - | 0% | * | * |
| Hardware systems support | 185 | 3% | - | 0% | * | * |
| Hardware Systems Revenues | 458 | 7% | - | 0% | * | * |
| Services | 931 | 15% | 1,020 | 19% | (9%) | (13%) |
| **Total Revenues** | 6,404 | 100% | 5,453 | 100% | 17% | 12% |
| **OPERATING EXPENSES** | | | | | | |
| Sales and marketing | 1,241 | 19% | 1,054 | 19% | 18% | 13% |
| Software license updates and product support | 281 | 4% | 256 | 5% | 10% | 5% |
| Hardware systems products | 206 | 3% | - | 0% | * | * |
| Hardware systems support | 116 | 2% | - | 0% | * | * |
| Services | 816 | 13% | 855 | 16% | (5%) | (9%) |
| Research and development | 823 | 13% | 677 | 12% | 22% | 20% |
| General and administrative | 236 | 4% | 192 | 4% | 23% | 20% |
| Amortization of intangible assets | 502 | 8% | 437 | 8% | 15% | 15% |
| Acquisition related and other | 34 | 0% | 27 | 0% | 28% | 28% |
| Restructuring | 306 | 5% | 15 | 0% | 1,968% | 1,867% |
| **Total Operating Expenses** | 4,561 | 71% | 3,513 | 64% | 30% | 26% |
| **OPERATING INCOME** | 1,843 | 29% | 1,940 | 36% | (5%) | (12%) |
| Interest expense | (186) | (3%) | (154) | (3%) | 20% | 20% |
| Non-operating income (expense), net | (75) | (1%) | 24 | 0% | (413%) | (367%) |
| **INCOME BEFORE PROVISION FOR INCOME TAXES** | 1,582 | 25% | 1,810 | 33% | (13%) | (20%) |
| Provision for income taxes | 393 | 6% | 481 | 9% | (18%) | (25%) |
| **NET INCOME** | $ 1,189 | 19% | $ 1,329 | 24% | (10%) | (18%) |
| **EARNINGS PER SHARE:** | | | | | | |
| Basic | $ 0.24 | | $ 0.27 | | | |
| Diluted | $ 0.23 | | $ 0.26 | | | |
| **WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:** | | | | | | |
| Basic | 5,015 | | 5,005 | | | |
| Diluted | 5,076 | | 5,056 | | | |

(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 weakened relative to most major international currencies in the three months ended February 28, 2010 compared with the corresponding prior year period, increasing revenues by 5 percentage points, operating expenses by 4 percentage points and operating income by 7 percentage points.

* Not meaningful

# ORACLE CORPORATION

### Q3 FISCAL 2010 FINANCIAL RESULTS
### RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)
### ($ in millions, except per share data)

| | Three Months Ended February 28, | | | | | | % Increase (Decrease) in US $ | | % Increase (Decrease) in Constant Currency (2) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 GAAP | Adj. | 2010 Non-GAAP | 2009 GAAP | Adj. | 2009 Non-GAAP | GAAP | Non-GAAP | GAAP | Non-GAAP |
| **TOTAL REVENUES (3) (4)** | $ 6,404 | $ 65 | $ 6,469 | $ 5,453 | $ 51 | $ 5,504 | 17% | 18% | 12% | 12% |
| **TOTAL SOFTWARE REVENUES (3)** | $ 5,015 | $ 26 | $ 5,041 | $ 4,433 | $ 51 | $ 4,484 | 13% | 12% | 8% | 7% |
| New software licenses | 1,718 | - | 1,718 | 1,516 | - | 1,516 | 13% | 13% | 8% | 8% |
| Software license updates and product support (3) | 3,297 | 26 | 3,323 | 2,917 | 51 | 2,968 | 13% | 12% | 8% | 7% |
| **TOTAL HARDWARE SYSTEMS REVENUES (4)** | $ 458 | $ 39 | $ 497 | $ - | $ - | $ - | * | * | * | * |
| Hardware systems products | 273 | - | 273 | - | - | - | * | * | * | * |
| Hardware systems support (4) | 185 | 39 | 224 | - | - | - | * | * | * | * |
| **TOTAL OPERATING EXPENSES** | $ 4,561 | $ (978) | $ 3,583 | $ 3,513 | $ (564) | $ 2,949 | 30% | 21% | 26% | 17% |
| Hardware systems products | 206 | (24) | 182 | - | - | - | * | * | * | * |
| Stock-based compensation (5) | 112 | (112) | - | 85 | (85) | - | 33% | * | 33% | * |
| Amortization of intangible assets (6) | 502 | (502) | - | 437 | (437) | - | 15% | * | 15% | * |
| Acquisition related and other | 34 | (34) | - | 27 | (27) | - | 28% | * | 28% | * |
| Restructuring | 306 | (306) | - | 15 | (15) | - | 1,968% | * | 1,867% | * |
| **OPERATING INCOME** | $ 1,843 | $ 1,043 | $ 2,886 | $ 1,940 | $ 615 | $ 2,555 | (5%) | 13% | (12%) | 7% |
| **OPERATING MARGIN %** | 29% | | 45% | 36% | | 46% | (680) bp | (180) bp | (779) bp | (224) bp |
| **INCOME TAX EFFECTS (7)** | $ 393 | $ 287 | $ 680 | $ 481 | $ 164 | $ 645 | (18%) | 5% | (25%) | (1%) |
| **NET INCOME** | $ 1,189 | $ 756 | $ 1,945 | $ 1,329 | $ 451 | $ 1,780 | (10%) | 9% | (18%) | 3% |
| **DILUTED EARNINGS PER SHARE** | $ 0.23 | | $ 0.38 | $ 0.26 | | $ 0.35 | (11%) | 9% | (18%) | 2% |
| **DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING** | 5,076 | - | 5,076 | 5,056 | - | 5,056 | 0% | 0% | 0% | 0% |

(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 February 28, 2010, approximately $35 million, $60 million and $25 million in estimated revenues related to assumed software support contracts will not be recognized for the remainder of fiscal 2010, fiscal 2011 and fiscal 2012, respectively, due to business combination accounting rules.

(4) As of February 28, 2010, approximately $89 million, $148 million, $35 million and $11 million in estimated revenues related to hardware systems support contracts will not be recognized for the remainder of fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013, respectively, due to business combination accounting rules.

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

| | Three Months Ended February 28, 2010 | | | Three Months Ended February 28, 2009 | | |
|---|---|---|---|---|---|---|
| | GAAP | Adj. | Non-GAAP | GAAP | Adj. | Non-GAAP |
| Sales and marketing | $ 21 | $ (21) | $ - | $ 16 | $ (16) | $ - |
| Software license updates and product support | 4 | (4) | - | 3 | (3) | - |
| Hardware systems products | 2 | (2) | - | - | - | - |
| Hardware systems support | 1 | (1) | - | - | - | - |
| Services | 4 | (4) | - | 3 | (3) | - |
| Research and development | 46 | (46) | - | 39 | (39) | - |
| General and administrative | 34 | (34) | - | 24 | (24) | - |
| Subtotal | 112 | (112) | - | 85 | (85) | - |
| Acquisition related and other | 10 | (10) | - | 3 | (3) | - |
| Total stock-based compensation | $ 122 | $ (122) | $ - | $ 88 | $ (88) | $ - |

(6) Estimated future annual amortization expense related to intangible assets as of February 28, 2010 is as follows:

| | |
|---|---|
| Remainder of Fiscal 2010 | $ 609 |
| Fiscal 2011 | 2,259 |
| Fiscal 2012 | 1,988 |
| Fiscal 2013 | 1,620 |
| Fiscal 2014 | 1,340 |
| Fiscal 2015 | 1,006 |
| Thereafter | 631 |
| Total intangible assets subject to amortization | 9,453 |
| In-process research and development | 415 |
| Total | $ 9,868 |

(7) Income tax effects were calculated reflecting an effective GAAP tax rate of 24.8% and 26.6% in the third quarter of fiscal 2010 and 2009, respectively, and an effective non-GAAP tax rate of 25.9% and 26.6% in the third quarter of fiscal 2010 and 2009, respectively. The differences between our GAAP and non-GAAP tax rates in the third quarter of fiscal 2010 were due to differences in jurisdictional tax rates and the related tax benefits attributable to our restructuring expenses in this period.

* Not meaningful

# ORACLE CORPORATION

## Q3 FISCAL 2010 YEAR TO DATE FINANCIAL RESULTS
## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
## ($ in millions, except per share data)

| | Nine Months Ended February 28, | | | | % Increase (Decrease) in US $ | % Increase (Decrease) in Constant Currency (1) |
|---|---|---|---|---|---|---|
| | 2010 | % of Revenues | 2009 | % of Revenues | | |
| **REVENUES** | | | | | | |
| New software licenses | $ 4,399 | 25% | $ 4,379 | 27% | 0% | (3%) |
| Software license updates and product support | 9,661 | 56% | 8,702 | 53% | 11% | 10% |
| Software Revenues | 14,060 | 81% | 13,081 | 80% | 7% | 5% |
| Hardware systems products | 273 | 2% | - | 0% | * | * |
| Hardware systems support | 185 | 1% | - | 0% | * | * |
| Hardware Systems Revenues | 458 | 3% | - | 0% | * | * |
| Services | 2,797 | 16% | 3,310 | 20% | (15%) | (17%) |
| **Total Revenues** | 17,315 | 100% | 16,391 | 100% | 6% | 4% |
| **OPERATING EXPENSES** | | | | | | |
| Sales and marketing | 3,335 | 19% | 3,312 | 20% | 1% | (1%) |
| Software license updates and product support | 771 | 5% | 795 | 5% | (3%) | (4%) |
| Hardware systems products | 206 | 1% | - | 0% | * | * |
| Hardware systems support | 116 | 1% | - | 0% | * | * |
| Services | 2,429 | 14% | 2,820 | 17% | (14%) | (15%) |
| Research and development | 2,191 | 12% | 2,037 | 12% | 8% | 8% |
| General and administrative | 619 | 4% | 571 | 4% | 8% | 8% |
| Amortization of intangible assets | 1,369 | 8% | 1,276 | 8% | 7% | 7% |
| Acquisition related and other | 50 | 0% | 98 | 1% | (48%) | (46%) |
| Restructuring | 467 | 3% | 46 | 0% | 926% | 906% |
| **Total Operating Expenses** | 11,553 | 67% | 10,955 | 67% | 5% | 5% |
| **OPERATING INCOME** | 5,762 | 33% | 5,436 | 33% | 6% | 2% |
| Interest expense | (553) | (3%) | (471) | (3%) | 17% | 17% |
| Non-operating income (expense), net | (41) | 0% | 114 | 1% | (136%) | (136%) |
| **INCOME BEFORE PROVISION FOR INCOME TAXES** | 5,168 | 30% | 5,079 | 31% | 2% | (3%) |
| Provision for income taxes | 1,396 | 8% | 1,377 | 8% | 1% | (3%) |
| **NET INCOME** | $ 3,772 | 22% | $ 3,702 | 23% | 2% | (3%) |
| **EARNINGS PER SHARE:** | | | | | | |
| Basic | $ 0.75 | | $ 0.73 | | | |
| Diluted | $ 0.74 | | $ 0.72 | | | |
| **WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:** | | | | | | |
| Basic | 5,012 | | 5,095 | | | |
| Diluted | 5,067 | | 5,159 | | | |

(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 slightly weakened relative to most major international currencies in the nine months ended February 28, 2010 compared with the corresponding prior year period, increasing revenues by 2 percentage points and operating income by 4 percentage points.

* Not meaningful

# ORACLE CORPORATION

## Q3 FISCAL 2010 YEAR TO DATE FINANCIAL RESULTS
## RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)
## ($ in millions, except per share data)

| | Nine Months Ended February 28, | | | | | | % Increase (Decrease) in US $ | | % Increase (Decrease) in Constant Currency (2) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 GAAP | Adj. | 2010 Non-GAAP | 2009 GAAP | Adj. | 2009 Non-GAAP | GAAP | Non-GAAP | GAAP | Non-GAAP |
| **TOTAL REVENUES (3) (4)** | $ 17,315 | $ 88 | $ 17,403 | $ 16,391 | $ 222 | $ 16,613 | 6% | 5% | 4% | 3% |
| **TOTAL SOFTWARE REVENUES (3)** | $ 14,060 | $ 49 | $ 14,109 | $ 13,081 | $ 222 | $ 13,303 | 7% | 6% | 5% | 4% |
| New software licenses | 4,399 | - | 4,399 | 4,379 | - | 4,379 | 0% | 0% | (3%) | (3%) |
| Software license updates and product support (3) | 9,661 | 49 | 9,710 | 8,702 | 222 | 8,924 | 11% | 9% | 10% | 7% |
| **TOTAL HARDWARE SYSTEMS REVENUES (4)** | $ 458 | $ 39 | $ 497 | $ - | $ - | $ - | * | * | * | * |
| Hardware systems products | 273 | - | 273 | - | - | - | * | * | * | * |
| Hardware systems support (4) | 185 | 39 | 224 | - | - | - | * | * | * | * |
| **TOTAL OPERATING EXPENSES** | $ 11,553 | $ (2,210) | $ 9,343 | $ 10,955 | $ (1,680) | $ 9,275 | 5% | 1% | 5% | 0% |
| Hardware systems products | 206 | (24) | 182 | - | - | - | * | * | * | * |
| Stock-based compensation (5) | 300 | (300) | - | 260 | (260) | - | 15% | * | 15% | * |
| Amortization of intangible assets (6) | 1,369 | (1,369) | - | 1,276 | (1,276) | - | 7% | * | 7% | * |
| Acquisition related and other | 50 | (50) | - | 98 | (98) | - | (48%) | * | (46%) | * |
| Restructuring | 467 | (467) | - | 46 | (46) | - | 926% | * | 906% | * |
| **OPERATING INCOME** | $ 5,762 | $ 2,298 | $ 8,060 | $ 5,436 | $ 1,902 | $ 7,338 | 6% | 10% | 2% | 7% |
| **OPERATING MARGIN %** | 33% | | 46% | 33% | | 44% | 11 bp | 214 bp | (63) bp | 163 bp |
| **INCOME TAX EFFECTS (7)** | $ 1,396 | $ 624 | $ 2,020 | $ 1,377 | $ 535 | $ 1,912 | 1% | 6% | (3%) | 2% |
| **NET INCOME** | $ 3,772 | $ 1,674 | $ 5,446 | $ 3,702 | $ 1,367 | $ 5,069 | 2% | 7% | (3%) | 4% |
| **DILUTED EARNINGS PER SHARE** | $ 0.74 | | $ 1.07 | $ 0.72 | | $ 0.98 | 4% | 9% | (1%) | 6% |
| **DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING** | 5,067 | - | 5,067 | 5,159 | - | 5,159 | (2%) | (2%) | (2%) | (2%) |

(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 February 28, 2010, approximately $35 million, $60 million and $25 million in estimated revenues related to assumed software support contracts will not be recognized for the remainder of fiscal 2010, fiscal 2011 and fiscal 2012, respectively, due to business combination accounting rules.

(4) As of February 28, 2010, approximately $89 million, $148 million, $35 million and $11 million in estimated revenues related to hardware systems support contracts will not be recognized for the remainder of fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013, respectively, due to business combination accounting rules.

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

| | Nine Months Ended February 28, 2010 | | | Nine Months Ended February 28, 2009 | | |
|---|---|---|---|---|---|---|
| | GAAP | Adj. | Non-GAAP | GAAP | Adj. | Non-GAAP |
| Sales and marketing | $ 57 | $ (57) | $ - | $ 51 | $ (51) | $ - |
| Software license updates and product support | 12 | (12) | - | 10 | (10) | - |
| Hardware systems products | 2 | (2) | - | - | - | - |
| Hardware systems support | 1 | (1) | - | - | - | - |
| Services | 10 | (10) | - | 9 | (9) | - |
| Research and development | 122 | (122) | - | 121 | (121) | - |
| General and administrative | 96 | (96) | - | 69 | (69) | - |
| Subtotal | 300 | (300) | - | 260 | (260) | - |
| Acquisition related and other | 10 | (10) | - | 14 | (14) | - |
| Total stock-based compensation | $ 310 | $ (310) | $ - | $ 274 | $ (274) | $ - |

(6) Estimated future annual amortization expense related to intangible assets as of February 28, 2010 is as follows:

| | |
|---|---|
| Remainder of Fiscal 2010 | $ 609 |
| Fiscal 2011 | 2,259 |
| Fiscal 2012 | 1,988 |
| Fiscal 2013 | 1,620 |
| Fiscal 2014 | 1,340 |
| Fiscal 2015 | 1,006 |
| Thereafter | 631 |
| Total intangible assets subject to amortization | 9,453 |
| In-process research and development | 415 |
| Total | $ 9,868 |

(7) Income tax effects were calculated reflecting an effective GAAP tax rate of 27.0% and 27.1% in the first nine months of fiscal 2010 and 2009, respectively, and an effective non-GAAP tax rate of 27.1% and 27.4% in the first nine months of fiscal 2010 and 2009, respectively. The differences between our GAAP and non-GAAP tax rates in the first nine months of fiscal 2010 were due to differences in jurisdictional tax rates and the related tax benefits attributable to our restructuring expenses in this period. In addition, our non-GAAP tax rate in the first nine months 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

## Q3 FISCAL 2010 FINANCIAL RESULTS
## CONDENSED CONSOLIDATED BALANCE SHEETS
## ($ in millions)

| | February 28, 2010 | May 31, 2009 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and cash equivalents | $ 9,331 | $ 8,995 |
| Marketable securities | 8,158 | 3,629 |
| Trade receivables, net | 3,898 | 4,430 |
| Inventories, net | 315 | - |
| Deferred tax assets | 978 | 661 |
| Prepaid expenses and other current assets | 1,299 | 866 |
| **Total Current Assets** | 23,979 | 18,581 |
| **Non-Current Assets:** | | |
| Property, plant and equipment, net | 2,869 | 1,922 |
| Intangible assets, net | 9,868 | 7,269 |
| Goodwill | 20,415 | 18,842 |
| Other assets | 2,255 | 802 |
| **Total Non-Current Assets** | 35,407 | 28,835 |
| **TOTAL ASSETS** | $ 59,386 | $ 47,416 |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities:** | | |
| Notes payable, current and other current borrowings | $ 4,220 | $ 1,001 |
| Accounts payable | 616 | 271 |
| Accrued compensation and related benefits | 1,452 | 1,409 |
| Deferred revenues | 5,389 | 4,592 |
| Other current liabilities | 2,574 | 1,876 |
| **Total Current Liabilities** | 14,251 | 9,149 |
| **Non-Current Liabilities:** | | |
| Notes payable and other non-current borrowings | 11,498 | 9,237 |
| Income taxes payable | 3,275 | 2,423 |
| Deferred tax liabilities | 339 | 480 |
| Other non-current liabilities | 1,172 | 682 |
| **Total Non-Current Liabilities** | 16,284 | 12,822 |
| **Equity** | 28,851 | 25,445 |
| **TOTAL LIABILITIES AND EQUITY** | $ 59,386 | $ 47,416 |

# ORACLE CORPORATION

## Q3 FISCAL 2010 FINANCIAL RESULTS
## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
## ($ in millions)

| | Nine Months Ended February 28, 2010 | Nine Months Ended February 28, 2009 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Net income | $ 3,772 | $ 3,702 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 196 | 198 |
| Amortization of intangible assets | 1,369 | 1,276 |
| Deferred income taxes | (362) | (302) |
| Stock-based compensation | 310 | 274 |
| Tax benefits on the exercise of stock options and vesting of restricted stock-based awards | 117 | 141 |
| Excess tax benefits on the exercise of stock options and vesting of restricted stock-based awards | (71) | (92) |
| Other, net | 79 | 68 |
| Changes in operating assets and liabilities, net of effects from acquisitions: | | |
| Decrease in trade receivables, net | 1,614 | 1,848 |
| Decrease in inventories, net | 18 | - |
| Decrease in prepaid expenses and other assets | 375 | 336 |
| Decrease in accounts payable and other liabilities | (842) | (1,097) |
| Decrease in income taxes payable | (269) | (51) |
| Decrease in deferred revenues | (136) | (54) |
| **Net cash provided by operating activities** | 6,170 | 6,247 |
| **Cash Flows From Investing Activities:** | | |
| Purchases of marketable securities and other investments | (11,162) | (6,906) |
| Proceeds from maturities and sales of marketable securities and other investments | 7,121 | 6,397 |
| Acquisitions, net of cash acquired | (5,567) | (1,165) |
| Capital expenditures | (161) | (491) |
| **Net cash used for investing activities** | (9,769) | (2,165) |
| **Cash Flows From Financing Activities:** | | |
| Payments for repurchases of common stock | (738) | (3,704) |
| Proceeds from issuances of common stock | 602 | 448 |
| Payment of dividends to stockholders | (753) | - |
| Proceeds from borrowings, net of issuance costs | 6,420 | - |
| Repayments of borrowings | (1,708) | (4) |
| Excess tax benefits on the exercise of stock options and vesting of restricted stock-based awards | 71 | 92 |
| Distributions to noncontrolling interests | (59) | (53) |
| **Net cash provided by (used for) financing activities** | 3,835 | (3,221) |
| **Effect of exchange rate changes on cash and cash equivalents** | 100 | (912) |
| **Net increase (decrease) in cash and cash equivalents** | 336 | (51) |
| **Cash and cash equivalents at beginning of period** | 8,995 | 8,262 |
| **Cash and cash equivalents at end of period** | $ 9,331 | $ 8,211 |

# ORACLE CORPORATION
## Q3 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 | $ 8,654 | $ 8,178 | |
| **Capital Expenditures (2)** | (479) | (486) | (539) | (529) | (261) | (230) | (199) | |
| **Free Cash Flow** | $ 7,462 | $ 7,603 | $ 8,003 | $ 7,726 | $ 8,492 | $ 8,424 | $ 7,979 | |
| **% Growth over prior year** | 20% | 15% | 14% | 8% | 14% | 11% | 0% | |
| **GAAP Net Income** | $ 5,758 | $ 5,750 | $ 5,739 | $ 5,593 | $ 5,640 | $ 5,802 | $ 5,663 | |
| **Free Cash Flow as a % of Net Income** | 130% | 132% | 139% | 138% | 151% | 145% | 141% | |

(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

**Q3 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 | $ 1,653 | $ 1,718 | | $ 4,399 |
| Software license updates and product support | 2,935 | 2,850 | 2,917 | 3,052 | 11,754 | 3,117 | 3,247 | 3,297 | | 9,661 |
| Software Revenues | 4,172 | 4,476 | 4,433 | 5,796 | 18,877 | 4,145 | 4,900 | 5,015 | | 14,060 |
| Hardware systems products | - | - | - | - | - | - | - | 273 | | 273 |
| Hardware systems support | - | - | - | - | - | - | - | 185 | | 185 |
| Hardware Systems Revenues | - | - | - | - | - | - | - | 458 | | 458 |
| Consulting | 865 | 842 | 758 | 782 | 3,247 | 663 | 692 | 651 | | 2,006 |
| On Demand | 195 | 189 | 191 | 204 | 779 | 180 | 188 | 211 | | 579 |
| Education | 99 | 100 | 71 | 79 | 349 | 66 | 78 | 69 | | 212 |
| Services Revenues | 1,159 | 1,131 | 1,020 | 1,065 | 4,375 | 909 | 958 | 931 | | 2,797 |
| Total Revenues | $ 5,331 | $ 5,607 | $ 5,453 | $ 6,861 | $ 23,252 | $ 5,054 | $ 5,858 | $ 6,404 | | $ 17,315 |
| **AS REPORTED REVENUE GROWTH RATES** | | | | | | | | | | |
| New software licenses | 14% | (3%) | (6%) | (13%) | (5%) | (17%) | 2% | 13% | | 0% |
| Software license updates and product support | 23% | 14% | 11% | 8% | 14% | 6% | 14% | 13% | | 11% |
| Software Revenues | 20% | 8% | 5% | (3%) | 6% | (1%) | 9% | 13% | | 7% |
| Hardware systems products | * | * | * | * | * | * | * | * | | * |
| Hardware systems support | * | * | * | * | * | * | * | * | | * |
| Hardware Systems Revenues | * | * | * | * | * | * | * | * | | * |
| Consulting | 8% | (4%) | (10%) | (18%) | (7%) | (23%) | (18%) | (14%) | | (19%) |
| On Demand | 23% | 13% | 10% | 5% | 12% | (8%) | (1%) | 10% | | 1% |
| Education | (2%) | (9%) | (23%) | (30%) | (16%) | (34%) | (22%) | (4%) | | (22%) |
| Services Revenues | 9% | (2%) | (8%) | (16%) | (5%) | (22%) | (15%) | (9%) | | (15%) |
| Total Revenues | 18% | 6% | 2% | (5%) | 4% | (5%) | 4% | 17% | | 6% |
| **CONSTANT CURRENCY GROWTH RATES (2)** | | | | | | | | | | |
| New software licenses | 10% | 5% | 3% | (4%) | 1% | (14%) | (5%) | 8% | | (3%) |
| Software license updates and product support | 18% | 20% | 20% | 18% | 19% | 11% | 9% | 8% | | 10% |
| Software Revenues | 16% | 14% | 14% | 6% | 12% | 4% | 4% | 8% | | 5% |
| Hardware systems products | * | * | * | * | * | * | * | * | | * |
| Hardware systems support | * | * | * | * | * | * | * | * | | * |
| Hardware Systems Revenues | * | * | * | * | * | * | * | * | | * |
| Consulting | 5% | 4% | 0% | (10%) | (1%) | (19%) | (22%) | (18%) | | (20%) |
| On Demand | 19% | 19% | 19% | 15% | 18% | (3%) | (4%) | 6% | | (1%) |
| Education | (6%) | (3%) | (16%) | (23%) | (12%) | (30%) | (26%) | (8%) | | (23%) |
| Services Revenues | 6% | 5% | 2% | (7%) | 1% | (18%) | (19%) | (13%) | | (17%) |
| Total Revenues | 14% | 12% | 11% | 4% | 10% | (1%) | 0% | 12% | | 4% |
| **GEOGRAPHIC REVENUES** | | | | | | | | | | |
| **REVENUES** | | | | | | | | | | |
| Americas | $ 2,687 | $ 2,904 | $ 2,846 | $ 3,463 | $ 11,900 | $ 2,671 | $ 2,979 | $ 3,284 | | $ 8,934 |
| Europe, Middle East & Africa | 1,830 | 1,881 | 1,824 | 2,413 | 7,948 | 1,642 | 1,976 | 2,167 | | 5,785 |
| Asia Pacific | 814 | 822 | 783 | 985 | 3,404 | 741 | 903 | 953 | | 2,596 |
| Total Revenues | $ 5,331 | $ 5,607 | $ 5,453 | $ 6,861 | $ 23,252 | $ 5,054 | $ 5,858 | $ 6,404 | | $ 17,315 |
| **HEADCOUNT** | | | | | | | | | | |
| **GEOGRAPHIC AREA** | | | | | | | | | | |
| Americas | 32,993 | 33,526 | 32,919 | 32,347 | | 32,034 | 31,849 | 44,554 | | |
| Europe, Middle East & Africa | 17,096 | 17,184 | 17,348 | 17,129 | | 16,839 | 16,491 | 23,566 | | |
| Asia Pacific | 35,099 | 35,947 | 36,321 | 36,086 | | 35,766 | 35,026 | 38,372 | | |
| Total Company | 85,188 | 86,657 | 86,588 | 85,562 | | 84,639 | 83,366 | 106,492 | | |

(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.

* Not meaningful

# ORACLE CORPORATION

## Q3 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 |
| **SOFTWARE REVENUES** | | | | | | | | | | |
| **DATABASE & MIDDLEWARE REVENUES** | | | | | | | | | | |
| New software licenses | $ 906 | $ 1,157 | $ 1,120 | $ 1,939 | $ 5,123 | $ 711 | $ 1,175 | $ 1,241 | | $ 3,127 |
| Software license updates and product support | 1,892 | 1,835 | 1,914 | 2,008 | 7,649 | 2,065 | 2,131 | 2,191 | | 6,387 |
| Database and Middleware Revenues | $ 2,798 | $ 2,992 | $ 3,034 | $ 3,947 | $ 12,772 | $ 2,776 | $ 3,306 | $ 3,432 | | $ 9,514 |
| **AS REPORTED GROWTH RATES** | | | | | | | | | | |
| New software licenses | 27% | 4% | (4%) | (10%) | 0% | (22%) | 1% | 11% | | (2%) |
| Software license updates and product support | 26% | 17% | 16% | 12% | 18% | 9% | 16% | 14% | | 13% |
| Database and Middleware Revenues | 27% | 12% | 8% | 0% | 10% | (1%) | 10% | 13% | | 8% |
| **CONSTANT CURRENCY GROWTH RATES (2)** | | | | | | | | | | |
| New software licenses | 23% | 12% | 6% | (1%) | 7% | (19%) | (5%) | 5% | | (5%) |
| Software license updates and product support | 22% | 24% | 25% | 23% | 23% | 14% | 12% | 9% | | 12% |
| Database and Middleware Revenues | 22% | 19% | 17% | 10% | 16% | 4% | 5% | 8% | | 6% |
| **APPLICATIONS REVENUES** | | | | | | | | | | |
| New software licenses | $ 331 | $ 469 | $ 396 | $ 805 | $ 2,000 | $ 317 | $ 478 | $ 477 | | $ 1,272 |
| Software license updates and product support | 1,043 | 1,015 | 1,003 | 1,044 | 4,105 | 1,052 | 1,116 | 1,106 | | 3,274 |
| Applications Revenues | $ 1,374 | $ 1,484 | $ 1,399 | $ 1,849 | $ 6,105 | $ 1,369 | $ 1,594 | $ 1,583 | | $ 4,546 |
| **AS REPORTED GROWTH RATES** | | | | | | | | | | |
| New software licenses | (12%) | (15%) | (12%) | (19%) | (16%) | (4%) | 2% | 21% | | 6% |
| Software license updates and product support | 18% | 9% | 3% | 0% | 7% | 1% | 10% | 10% | | 7% |
| Applications Revenues | 9% | 0% | (2%) | (9%) | (2%) | 0% | 7% | 13% | | 7% |
| **CONSTANT CURRENCY GROWTH RATES (2)** | | | | | | | | | | |
| New software licenses | (14%) | (9%) | (4%) | (11%) | (10%) | 0% | (3%) | 15% | | 4% |
| Software license updates and product support | 13% | 15% | 11% | 9% | 12% | 6% | 6% | 5% | | 6% |
| Applications Revenues | 5% | 6% | 7% | (1%) | 4% | 4% | 3% | 8% | | 5% |

(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

## Q3 FISCAL 2010 FINANCIAL RESULTS

### SUPPLEMENTAL GEOGRAPHIC NEW SOFTWARE LICENSE AND HARDWARE SYSTEMS PRODUCTS REVENUES 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 | $ 492 | $ 540 | | $ 1,342 |
| Applications | 182 | 280 | 224 | 416 | 1,102 | 185 | 286 | 283 | | 754 |
| New Software License Revenues | $ 536 | $ 751 | $ 673 | $ 1,256 | $ 3,216 | $ 495 | $ 778 | $ 823 | | $ 2,096 |
| Hardware Systems Products Revenues | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 131 | | $ 131 |
| **AS REPORTED GROWTH RATES** | | | | | | | | | | |
| Database & Middleware | 18% | 5% | (7%) | (9%) | (2%) | (12%) | 4% | 20% | | 5% |
| Applications | (9%) | (9%) | (11%) | (25%) | (16%) | 2% | 2% | 26% | | 10% |
| New Software License Revenues | 7% | 0% | (9%) | (15%) | (7%) | (7%) | 4% | 22% | | 7% |
| Hardware Systems Products Revenues | * | * | * | * | * | * | * | * | | * |
| **CONSTANT CURRENCY GROWTH RATES (2)** | | | | | | | | | | |
| Database & Middleware | 17% | 10% | (1%) | (6%) | 2% | (11%) | 2% | 16% | | 3% |
| Applications | (10%) | (6%) | (8%) | (22%) | (14%) | 6% | 1% | 23% | | 9% |
| New Software License Revenues | 6% | 3% | (4%) | (12%) | (4%) | (5%) | 1% | 18% | | 5% |
| Hardware Systems Products Revenues | * | * | * | * | * | * | * | * | | * |
| **EUROPE / MIDDLE EAST / AFRICA** | | | | | | | | | | |
| Database & Middleware | $ 326 | $ 431 | $ 446 | $ 759 | $ 1,962 | $ 224 | $ 429 | $ 456 | | $ 1,109 |
| Applications | 94 | 126 | 125 | 282 | 627 | 90 | 119 | 134 | | 343 |
| New Software License Revenues | $ 420 | $ 557 | $ 571 | $ 1,041 | $ 2,589 | $ 314 | $ 548 | $ 590 | | $ 1,452 |
| Hardware Systems Products Revenues | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 95 | | $ 95 |
| **AS REPORTED GROWTH RATES** | | | | | | | | | | |
| Database & Middleware | 28% | 2% | 0% | (14%) | (2%) | (31%) | (1%) | 2% | | (8%) |
| Applications | (23%) | (28%) | (12%) | (11%) | (17%) | (5%) | (6%) | 7% | | (1%) |
| New Software License Revenues | 11% | (7%) | (3%) | (13%) | (6%) | (25%) | (2%) | 3% | | (6%) |
| Hardware Systems Products Revenues | * | * | * | * | * | * | * | * | | * |
| **CONSTANT CURRENCY GROWTH RATES (2)** | | | | | | | | | | |
| Database & Middleware | 20% | 16% | 15% | 1% | 10% | (26%) | (10%) | (3%) | | (11%) |
| Applications | (26%) | (16%) | 2% | 5% | (6%) | 3% | (14%) | 1% | | (4%) |
| New Software License Revenues | 5% | 7% | 12% | 2% | 6% | (20%) | (11%) | (2%) | | (10%) |
| Hardware Systems Products Revenues | * | * | * | * | * | * | * | * | | * |
| **ASIA PACIFIC** | | | | | | | | | | |
| Database & Middleware | $ 226 | $ 255 | $ 225 | $ 340 | $ 1,047 | $ 177 | $ 254 | $ 245 | | $ 676 |
| Applications | 55 | 63 | 47 | 107 | 271 | 42 | 73 | 60 | | 175 |
| New Software License Revenues | $ 281 | $ 318 | $ 272 | $ 447 | $ 1,318 | $ 219 | $ 327 | $ 305 | | $ 851 |
| Hardware Systems Products Revenues | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 47 | | $ 47 |
| **AS REPORTED GROWTH RATES** | | | | | | | | | | |
| Database & Middleware | 45% | 4% | (3%) | (1%) | 7% | (22%) | 0% | 9% | | (4%) |
| Applications | 1% | (13%) | (18%) | (11%) | (11%) | (24%) | 17% | 29% | | 7% |
| New Software License Revenues | 34% | 0% | (6%) | (3%) | 3% | (22%) | 3% | 12% | | (2%) |
| Hardware Systems Products Revenues | * | * | * | * | * | * | * | * | | * |
| **CONSTANT CURRENCY GROWTH RATES (2)** | | | | | | | | | | |
| Database & Middleware | 38% | 8% | 1% | 5% | 11% | (22%) | (10%) | 1% | | (10%) |
| Applications | (1%) | (2%) | (2%) | (4%) | (3%) | (23%) | 2% | 16% | | (2%) |
| New Software License Revenues | 28% | 5% | 1% | 3% | 7% | (22%) | (8%) | 4% | | (9%) |
| Hardware Systems Products Revenues | * | * | * | * | * | * | * | * | | * |
| **TOTAL COMPANY** | | | | | | | | | | |
| Database & Middleware | $ 906 | $ 1,157 | $ 1,120 | $ 1,939 | $ 5,123 | $ 711 | $ 1,175 | $ 1,241 | | $ 3,127 |
| Applications | 331 | 469 | 396 | 805 | 2,000 | 317 | 478 | 477 | | 1,272 |
| New Software License Revenues | $ 1,237 | $ 1,626 | $ 1,516 | $ 2,744 | $ 7,123 | $ 1,028 | $ 1,653 | $ 1,718 | | $ 4,399 |
| Hardware Systems Products Revenues | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 273 | | $ 273 |
| **AS REPORTED GROWTH RATES** | | | | | | | | | | |
| Database & Middleware | 27% | 4% | (4%) | (10%) | 0% | (22%) | 1% | 11% | | (2%) |
| Applications | (12%) | (15%) | (12%) | (19%) | (16%) | (4%) | 2% | 21% | | 6% |
| New Software License Revenues | 14% | (3%) | (6%) | (13%) | (5%) | (17%) | 2% | 13% | | 0% |
| Hardware Systems Products Revenues | * | * | * | * | * | * | * | * | | * |
| **CONSTANT CURRENCY GROWTH RATES (2)** | | | | | | | | | | |
| Database & Middleware | 23% | 12% | 6% | (1%) | 7% | (19%) | (5%) | 5% | | (5%) |
| Applications | (14%) | (9%) | (4%) | (11%) | (10%) | 0% | (3%) | 15% | | 4% |
| New Software License Revenues | 10% | 5% | 3% | (4%) | 1% | (14%) | (5%) | 8% | | (3%) |
| Hardware Systems Products Revenues | * | * | * | * | * | * | * | * | | * |

(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.

* Not meaningful

**ORACLE CORPORATION**
**Q3 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:

• Software license updates and product support and hardware systems support deferred revenues: Business combination accounting rules require us to account for the fair value of software license updates and product support contracts and hardware systems support contracts assumed in connection with our acquisitions. Because these support contracts are typically one year in duration, our GAAP revenues for the one year period subsequent to our acquisition of a business do not reflect the full amount of support revenues on these assumed support contracts that would have otherwise been recorded by the acquired entity. The non-GAAP adjustment to our software license updates and product support revenues and hardware systems support revenues is intended to include, and thus reflect, the full amount of such revenues. We believe the adjustment to these support 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 hardware systems support contracts; however, we cannot be certain that our customers will renew our software license updates and product support contracts or our hardware systems support contracts.

• Hardware systems products expenses: We have excluded the effects of the fair value adjustments to our inventories acquired from Sun that were sold to customers in the periods presented, which resulted in the exclusion of these adjustments from our hardware systems products expenses and net income measures. Business combination accounting rules require us to account for inventories assumed from our acquisitions at their fair values. The non-GAAP adjustment to our hardware systems products expenses is intended to reflect the hardware systems products expenses that would have been otherwise recorded by Sun as a standalone entity upon the sale of these inventories. We believe this adjustment is useful to investors as a measure of the ongoing performance of our business because we do not expect the fair value adjustments to our inventories to recur in future periods with respect to the Sun acquisition and, therefore, we expect that these adjustments will not impact our future operating expenses. Investors should note that other factors may affect the future values of our inventories and hardware systems products expenses. If we assume inventories in future acquisitions, we will be required to assess their fair values, which may result in fair value adjustments to those inventories.

• 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 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 generally diminish over time with respect to past acquisitions, we generally will incur these expenses in connection with any future acquisitions.