

ORACLE CORPORATION
Q1 FISCAL 2011 FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

	Three Months Ended August 31,				% Increase in US \$	% Increase in Constant Currency (1)
	2010	% of Revenues	2009	% of Revenues		
REVENUES						
New software licenses	\$ 1,286	17%	\$ 1,028	20%	25%	25%
Software license updates and product support	3,450	46%	3,117	62%	11%	12%
Software Revenues	4,736	63%	4,145	82%	14%	15%
Hardware systems products	1,079	15%	-	0%	*	*
Hardware systems support	619	8%	-	0%	*	*
Hardware Systems Revenues	1,698	23%	-	0%	*	*
Services	1,068	14%	909	18%	18%	18%
Total Revenues	7,502	100%	5,054	100%	48%	49%
OPERATING EXPENSES						
Sales and marketing	1,333	18%	960	19%	39%	40%
Software license updates and product support	308	4%	226	4%	36%	37%
Hardware systems products	557	7%	-	0%	*	*
Hardware systems support	301	4%	-	0%	*	*
Services	896	12%	782	16%	15%	16%
Research and development	1,103	15%	660	13%	67%	67%
General and administrative	272	4%	201	4%	36%	36%
Amortization of intangible assets	603	8%	431	9%	40%	40%
Acquisition related and other	83	1%	6	0%	1,356%	1,095%
Restructuring	129	1%	48	1%	168%	176%
Total Operating Expenses	5,585	74%	3,314	66%	69%	69%
OPERATING INCOME	1,917	26%	1,740	34%	10%	11%
Interest expense	(196)	(3%)	(179)	(3%)	9%	9%
Non-operating income, net	74	1%	1	0%	*	*
INCOME BEFORE PROVISION FOR INCOME TAXES	1,795	24%	1,562	31%	15%	16%
Provision for income taxes	443	6%	438	9%	1%	2%
NET INCOME	\$ 1,352	18%	\$ 1,124	22%	20%	21%
EARNINGS PER SHARE:						
Basic	\$ 0.27		\$ 0.22			
Diluted	\$ 0.27		\$ 0.22			
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:						
Basic	5,026		5,009			
Diluted	5,083		5,063			

(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, 2010, 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 August 31, 2010 compared with the corresponding prior year period decreased our revenues and operating income, each by 1 percentage point.

* Not meaningful

ORACLE CORPORATION
Q1 FISCAL 2011 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)	
	2010 GAAP	Adj.	2010 Non-GAAP	2009 GAAP	Adj.	2009 Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
TOTAL REVENUES (3) (4)	\$ 7,502	\$ 86	\$ 7,588	\$ 5,054	\$ 9	\$ 5,063	48%	50%	49%	51%
TOTAL SOFTWARE REVENUES (3)	\$ 4,736	\$ 25	\$ 4,761	\$ 4,145	\$ 9	\$ 4,154	14%	15%	15%	16%
New software licenses	1,286	-	1,286	1,028	-	1,028	25%	25%	25%	25%
Software license updates and product support (3)	3,450	25	3,475	3,117	9	3,126	11%	11%	12%	12%
TOTAL HARDWARE SYSTEMS REVENUES (4)	\$ 1,698	\$ 61	\$ 1,759	\$ -	\$ -	\$ -	*	*	*	*
Hardware systems products	1,079	-	1,079	-	-	-	*	*	*	*
Hardware systems support (4)	619	61	680	-	-	-	*	*	*	*
TOTAL OPERATING EXPENSES	\$ 5,585	\$ (944)	\$ 4,641	\$ 3,314	\$ (569)	\$ 2,745	69%	69%	69%	70%
Stock-based compensation (5)	129	(129)	-	84	(84)	-	54%	*	54%	*
Amortization of intangible assets (6)	603	(603)	-	431	(431)	-	40%	*	40%	*
Acquisition related and other	83	(83)	-	6	(6)	-	1,356%	*	1,095%	*
Restructuring	129	(129)	-	48	(48)	-	168%	*	176%	*
OPERATING INCOME	\$ 1,917	\$ 1,030	\$ 2,947	\$ 1,740	\$ 578	\$ 2,318	10%	27%	11%	28%
OPERATING MARGIN %	26%		39%	34%		46%	(888) bp	(694) bp	(881) bp	(693) bp
INCOME TAX EFFECTS (7)	\$ 443	\$ 253	\$ 696	\$ 438	\$ 162	\$ 600	1%	16%	2%	17%
NET INCOME	\$ 1,352	\$ 777	\$ 2,129	\$ 1,124	\$ 416	\$ 1,540	20%	38%	21%	39%
DILUTED EARNINGS PER SHARE	\$ 0.27		\$ 0.42	\$ 0.22		\$ 0.30	20%	38%	21%	39%
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,083	-	5,083	5,063	-	5,063	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 rates in effect on May 31, 2010, 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, 2010, approximately \$46 million, \$19 million and \$7 million in estimated revenues related to assumed software support contracts will not be recognized for the remainder of fiscal 2011, fiscal 2012 and fiscal 2013, respectively, due to business combination accounting rules.

(4) As of August 31, 2010, approximately \$87 million, \$35 million and \$11 million in estimated revenues related to hardware systems support contracts will not be recognized for the remainder of 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 August 31, 2010			Three Months Ended August 31, 2009		
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP
Sales and marketing	\$ 23	\$ (23)	\$ -	\$ 16	\$ (16)	\$ -
Software license updates and product support	5	(5)	-	4	(4)	-
Hardware systems products	1	(1)	-	-	-	-
Hardware systems support	1	(1)	-	-	-	-
Services	4	(4)	-	3	(3)	-
Research and development	59	(59)	-	32	(32)	-
General and administrative	36	(36)	-	29	(29)	-
Subtotal	129	(129)	-	84	(84)	-
Acquisition related and other	1	(1)	-	-	-	-
Total stock-based compensation	\$ 130	\$ (130)	\$ -	\$ 84	\$ (84)	\$ -

(6) Estimated future annual amortization expense related to intangible assets as of August 31, 2010 is as follows:

Remainder of Fiscal 2011	\$ 1,740
Fiscal 2012	2,074
Fiscal 2013	1,705
Fiscal 2014	1,408
Fiscal 2015	1,058
Fiscal 2016	575
Thereafter	190
Total intangible assets subject to amortization	8,750
In-process research and development	374
Total intangible assets, net	<u>\$ 9,124</u>

(7) Income tax effects were calculated reflecting an effective GAAP and non-GAAP tax rate of 24.7% and 28.0% in the first quarter of fiscal 2011 and 2010, respectively.

* Not meaningful

ORACLE CORPORATION

Q1 FISCAL 2011 FINANCIAL RESULTS CONDENSED CONSOLIDATED BALANCE SHEETS (\$ in millions)

	August 31, 2010	May 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 12,018	\$ 9,914
Marketable securities	11,619	8,555
Trade receivables, net	3,721	5,585
Inventories	235	259
Deferred tax assets	1,142	1,159
Prepaid expenses and other current assets	1,529	1,532
Total Current Assets	30,264	27,004
Non-Current Assets:		
Property, plant and equipment, net	2,835	2,763
Intangible assets, net	9,124	9,321
Goodwill	20,901	20,425
Deferred tax assets	1,119	1,267
Other assets	1,012	798
Total Non-Current Assets	34,991	34,574
TOTAL ASSETS	\$ 65,255	\$ 61,578
LIABILITIES AND EQUITY		
Current Liabilities:		
Notes payable, current and other current borrowings	\$ 2,260	\$ 3,145
Accounts payable	706	775
Accrued compensation and related benefits	1,438	1,895
Deferred revenues	6,903	5,900
Other current liabilities	2,493	2,976
Total Current Liabilities	13,800	14,691
Non-Current Liabilities:		
Notes payable and other non-current borrowings	14,778	11,510
Income taxes payable	2,679	2,695
Deferred tax liabilities	349	424
Other non-current liabilities	1,137	1,059
Total Non-Current Liabilities	18,943	15,688
Equity	32,512	31,199
TOTAL LIABILITIES AND EQUITY	\$ 65,255	\$ 61,578

ORACLE CORPORATION

Q1 FISCAL 2011 FINANCIAL RESULTS CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (\$ in millions)

	Three Months Ended August 31,	
	2010	2009
Cash Flows From Operating Activities:		
Net income	\$ 1,352	\$ 1,124
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	99	61
Amortization of intangible assets	603	431
Deferred income taxes	(15)	(75)
Stock-based compensation	130	84
Tax benefits on the exercise of stock options and vesting of restricted stock-based awards	24	51
Excess tax benefits on the exercise of stock options and vesting of restricted stock-based awards	(10)	(30)
Other, net	26	40
Changes in operating assets and liabilities, net of effects from acquisitions:		
Decrease in trade receivables, net	1,942	1,870
Decrease in inventories	11	-
Decrease in prepaid expenses and other assets	348	251
Decrease in accounts payable and other liabilities	(898)	(642)
Decrease in income taxes payable	(529)	(9)
Increase in deferred revenues	734	582
Net cash provided by operating activities	3,817	3,738
Cash Flows From Investing Activities:		
Purchases of marketable securities and other investments	(7,650)	(2,760)
Proceeds from maturities and sales of marketable securities and other investments	4,684	1,947
Acquisitions, net of cash acquired	(832)	(79)
Capital expenditures	(118)	(55)
Net cash used for investing activities	(3,916)	(947)
Cash Flows From Financing Activities:		
Payments for repurchases of common stock	(249)	(244)
Proceeds from issuances of common stock	169	247
Payment of dividends to stockholders	(251)	(251)
Proceeds from borrowings, net of issuance costs	3,204	4,461
Repayments of borrowings	(885)	-
Excess tax benefits on the exercise of stock options and vesting of restricted stock-based awards	10	30
Distributions to noncontrolling interests	(38)	(34)
Net cash provided by financing activities	1,960	4,209
Effect of exchange rate changes on cash and cash equivalents	243	103
Net increase in cash and cash equivalents	2,104	7,103
Cash and cash equivalents at beginning of period	9,914	8,995
Cash and cash equivalents at end of period	\$ 12,018	\$ 16,098

ORACLE CORPORATION
Q1 FISCAL 2011 FINANCIAL RESULTS
FREE CASH FLOW - TRAILING 4-QUARTERS (1)
(\$ in millions)

	Fiscal 2010				Fiscal 2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP Operating Cash Flow	\$ 8,753	\$ 8,654	\$ 8,178	\$ 8,681	\$ 8,760			
Capital Expenditures (2)	(261)	(230)	(199)	(230)	(293)			
Free Cash Flow	\$ 8,492	\$ 8,424	\$ 7,979	\$ 8,451	\$ 8,467			
% Growth over prior year	14%	11%	0%	9%	0%			
GAAP Net Income	\$ 5,640	\$ 5,802	\$ 5,663	\$ 6,135	\$ 6,363			
Free Cash Flow as a % of Net Income	151%	145%	141%	138%	133%			

(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 2011 FINANCIAL RESULTS
SUPPLEMENTAL ANALYSIS OF GAAP REVENUES AND HEADCOUNT (1)
(\$ in millions)

	Fiscal 2010					Fiscal 2011				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
REVENUES										
New software licenses	\$ 1,028	\$ 1,653	\$ 1,718	\$ 3,135	\$ 7,533	\$ 1,286				\$ 1,286
Software license updates and product support	3,117	3,247	3,297	3,431	13,092	3,450				3,450
Software Revenues	4,145	4,900	5,015	6,566	20,625	4,736				4,736
Hardware systems products	-	-	273	1,233	1,506	1,079				1,079
Hardware systems support	-	-	185	598	784	619				619
Hardware Systems Revenues	-	-	458	1,831	2,290	1,698				1,698
Consulting	663	692	651	713	2,720	666				666
On Demand	180	188	211	295	874	321				321
Education	66	78	69	100	311	81				81
Services Revenues	909	958	931	1,108	3,905	1,068				1,068
Total Revenues	\$ 5,054	\$ 5,858	\$ 6,404	\$ 9,505	\$ 26,820	\$ 7,502				\$ 7,502
AS REPORTED REVENUE GROWTH RATES										
New software licenses	(17%)	2%	13%	14%	6%	25%				25%
Software license updates and product support	6%	14%	13%	12%	11%	11%				11%
Software Revenues	(1%)	9%	13%	13%	9%	14%				14%
Hardware systems products	*	*	*	*	*	*				*
Hardware systems support	*	*	*	*	*	*				*
Hardware Systems Revenues	*	*	*	*	*	*				*
Consulting	(23%)	(18%)	(14%)	(9%)	(16%)	0%				0%
On Demand	(8%)	(1%)	10%	45%	12%	78%				78%
Education	(34%)	(22%)	(4%)	26%	(11%)	24%				24%
Services Revenues	(22%)	(15%)	(9%)	4%	(11%)	18%				18%
Total Revenues	(5%)	4%	17%	39%	15%	48%				48%
CONSTANT CURRENCY GROWTH RATES (2)										
New software licenses	(14%)	(5%)	8%	15%	4%	25%				25%
Software license updates and product support	11%	9%	8%	11%	10%	12%				12%
Software Revenues	4%	4%	8%	13%	8%	15%				15%
Hardware systems products	*	*	*	*	*	*				*
Hardware systems support	*	*	*	*	*	*				*
Hardware Systems Revenues	*	*	*	*	*	*				*
Consulting	(19%)	(22%)	(18%)	(10%)	(17%)	1%				1%
On Demand	(3%)	(4%)	6%	44%	11%	80%				80%
Education	(30%)	(26%)	(8%)	24%	(12%)	24%				24%
Services Revenues	(18%)	(19%)	(13%)	3%	(12%)	18%				18%
Total Revenues	(1%)	0%	12%	38%	14%	49%				49%
GEOGRAPHIC REVENUES										
REVENUES										
Americas	\$ 2,671	\$ 2,979	\$ 3,284	\$ 4,886	\$ 13,819	\$ 3,904				\$ 3,904
Europe, Middle East & Africa	1,642	1,976	2,167	3,153	8,938	2,381				2,381
Asia Pacific	741	903	953	1,466	4,063	1,217				1,217
Total Revenues	\$ 5,054	\$ 5,858	\$ 6,404	\$ 9,505	\$ 26,820	\$ 7,502				\$ 7,502
HEADCOUNT										
GEOGRAPHIC AREA										
Americas	32,034	31,849	44,554	43,968		44,494				44,494
Europe, Middle East & Africa	16,839	16,491	23,566	23,040		22,886				22,886
Asia Pacific	35,766	35,026	38,372	37,561		37,856				37,856
Total Company	84,639	83,366	106,492	104,569		105,236				105,236

(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, 2010 and 2009 for the fiscal 2011 and fiscal 2010 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

* Not meaningful

ORACLE CORPORATION
Q1 FISCAL 2011 FINANCIAL RESULTS
SUPPLEMENTAL TOTAL SOFTWARE PRODUCT REVENUE ANALYSIS (1)
(\$ in millions)

	Fiscal 2010					Fiscal 2011				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
SOFTWARE REVENUES										
DATABASE & MIDDLEWARE REVENUES										
New software licenses	\$ 711	\$ 1,175	\$ 1,241	\$ 2,280	\$ 5,406	\$ 937				\$ 937
Software license updates and product support	2,065	2,131	2,191	2,309	8,696	2,316				2,316
Database and Middleware Revenues	\$ 2,776	\$ 3,306	\$ 3,432	\$ 4,589	\$ 14,102	\$ 3,253				\$ 3,253
AS REPORTED GROWTH RATES										
New software licenses	(22%)	1%	11%	18%	6%	32%				32%
Software license updates and product support	9%	16%	14%	15%	14%	12%				12%
Database and Middleware Revenues	(1%)	10%	13%	16%	10%	17%				17%
CONSTANT CURRENCY GROWTH RATES (2)										
New software licenses	(19%)	(5%)	5%	18%	4%	32%				32%
Software license updates and product support	14%	12%	9%	13%	12%	13%				13%
Database and Middleware Revenues	4%	5%	8%	16%	9%	18%				18%
APPLICATIONS REVENUES										
New software licenses	\$ 317	\$ 478	\$ 477	\$ 855	\$ 2,127	\$ 349				\$ 349
Software license updates and product support	1,052	1,116	1,106	1,122	4,396	1,134				1,134
Applications Revenues	\$ 1,369	\$ 1,594	\$ 1,583	\$ 1,977	\$ 6,523	\$ 1,483				\$ 1,483
AS REPORTED GROWTH RATES										
New software licenses	(4%)	2%	21%	6%	6%	10%				10%
Software license updates and product support	1%	10%	10%	8%	7%	8%				8%
Applications Revenues	0%	7%	13%	7%	7%	8%				8%
CONSTANT CURRENCY GROWTH RATES (2)										
New software licenses	0%	(3%)	15%	7%	5%	10%				10%
Software license updates and product support	6%	6%	5%	6%	6%	9%				9%
Applications Revenues	4%	3%	8%	6%	5%	9%				9%

(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, 2010 and 2009 for the fiscal 2011 and fiscal 2010 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION Q1 FISCAL 2011 FINANCIAL RESULTS SUPPLEMENTAL GEOGRAPHIC NEW SOFTWARE LICENSE AND HARDWARE SYSTEMS PRODUCTS REVENUES ANALYSIS (1) (\$ in millions)										
	Fiscal 2010					Fiscal 2011				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
AMERICAS										
Database & Middleware	\$ 310	\$ 492	\$ 540	\$ 1,123	\$ 2,465	\$ 446			\$	446
Applications	185	286	283	485	1,239	212				212
New Software License Revenues	\$ 495	\$ 778	\$ 823	\$ 1,608	\$ 3,704	\$ 658			\$	658
Hardware Systems Products Revenues	\$ -	\$ -	\$ 131	\$ 617	\$ 747	\$ 543			\$	543
AS REPORTED GROWTH RATES										
Database & Middleware	(12%)	4%	20%	34%	17%	44%				44%
Applications	2%	2%	26%	16%	12%	14%				14%
New Software License Revenues	(7%)	4%	22%	28%	15%	33%				33%
Hardware Systems Products Revenues	*	*	*	*	*	*				*
CONSTANT CURRENCY GROWTH RATES (2)										
Database & Middleware	(11%)	2%	16%	32%	15%	43%				43%
Applications	6%	1%	23%	15%	11%	14%				14%
New Software License Revenues	(5%)	1%	18%	26%	14%	32%				32%
Hardware Systems Products Revenues	*	*	*	*	*	*				*
EUROPE / MIDDLE EAST / AFRICA										
Database & Middleware	\$ 224	\$ 429	\$ 456	\$ 751	\$ 1,859	\$ 279			\$	279
Applications	90	119	134	261	604	73				73
New Software License Revenues	\$ 314	\$ 548	\$ 590	\$ 1,012	\$ 2,463	\$ 352			\$	352
Hardware Systems Products Revenues	\$ -	\$ -	\$ 95	\$ 390	\$ 485	\$ 338			\$	338
AS REPORTED GROWTH RATES										
Database & Middleware	(31%)	(1%)	2%	(1%)	(5%)	25%				25%
Applications	(5%)	(6%)	7%	(7%)	(4%)	(19%)				(19%)
New Software License Revenues	(25%)	(2%)	3%	(3%)	(5%)	12%				12%
Hardware Systems Products Revenues	*	*	*	*	*	*				*
CONSTANT CURRENCY GROWTH RATES (2)										
Database & Middleware	(26%)	(10%)	(3%)	6%	(5%)	32%				32%
Applications	3%	(14%)	1%	(2%)	(3%)	(16%)				(16%)
New Software License Revenues	(20%)	(11%)	(2%)	4%	(4%)	18%				18%
Hardware Systems Products Revenues	*	*	*	*	*	*				*
ASIA PACIFIC										
Database & Middleware	\$ 177	\$ 254	\$ 245	\$ 406	\$ 1,082	\$ 212			\$	212
Applications	42	73	60	109	284	64				64
New Software License Revenues	\$ 219	\$ 327	\$ 305	\$ 515	\$ 1,366	\$ 276			\$	276
Hardware Systems Products Revenues	\$ -	\$ -	\$ 47	\$ 226	\$ 274	\$ 198			\$	198
AS REPORTED GROWTH RATES										
Database & Middleware	(22%)	0%	9%	19%	3%	19%				19%
Applications	(24%)	17%	29%	2%	5%	54%				54%
New Software License Revenues	(22%)	3%	12%	15%	4%	26%				26%
Hardware Systems Products Revenues	*	*	*	*	*	*				*
CONSTANT CURRENCY GROWTH RATES (2)										
Database & Middleware	(22%)	(10%)	1%	14%	(3%)	13%				13%
Applications	(23%)	2%	16%	(3%)	(2%)	47%				47%
New Software License Revenues	(22%)	(8%)	4%	10%	(3%)	19%				19%
Hardware Systems Products Revenues	*	*	*	*	*	*				*
TOTAL COMPANY										
Database & Middleware	\$ 711	\$ 1,175	\$ 1,241	\$ 2,280	\$ 5,406	\$ 937			\$	937
Applications	317	478	477	855	2,127	349				349
New Software License Revenues	\$ 1,028	\$ 1,653	\$ 1,718	\$ 3,135	\$ 7,533	\$ 1,286			\$	1,286
Hardware Systems Products Revenues	\$ -	\$ -	\$ 273	\$ 1,233	\$ 1,506	\$ 1,079			\$	1,079
AS REPORTED GROWTH RATES										
Database & Middleware	(22%)	1%	11%	18%	6%	32%				32%
Applications	(4%)	2%	21%	6%	6%	10%				10%
New Software License Revenues	(17%)	2%	13%	14%	6%	25%				25%
Hardware Systems Products Revenues	*	*	*	*	*	*				*
CONSTANT CURRENCY GROWTH RATES (2)										
Database & Middleware	(19%)	(5%)	5%	18%	4%	32%				32%
Applications	0%	(3%)	15%	7%	5%	10%				10%
New Software License Revenues	(14%)	(5%)	8%	15%	4%	25%				25%
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, 2010 and 2009 for the fiscal 2011 and fiscal 2010 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.										
* Not meaningful										

ORACLE CORPORATION
Q1 FISCAL 2011 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 values 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.
- 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 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.