

**ORACLE CORPORATION**  
**Q3 FISCAL 2014 FINANCIAL RESULTS**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(\$ in millions, except per share data)

|                                                        | Three Months Ended February 28, |                  |                 |                  | % Increase<br>(Decrease)<br>in US \$ | % Increase<br>(Decrease)<br>in Constant<br>Currency (1) |
|--------------------------------------------------------|---------------------------------|------------------|-----------------|------------------|--------------------------------------|---------------------------------------------------------|
|                                                        | 2014                            | % of<br>Revenues | 2013            | % of<br>Revenues |                                      |                                                         |
| <b>REVENUES</b>                                        |                                 |                  |                 |                  |                                      |                                                         |
| New software licenses and cloud software subscriptions | \$ 2,415                        | 26%              | \$ 2,332        | 26%              | 4%                                   | 6%                                                      |
| Software license updates and product support           | 4,564                           | 49%              | 4,340           | 48%              | 5%                                   | 7%                                                      |
| Software Revenues                                      | 6,979                           | 75%              | 6,672           | 74%              | 5%                                   | 6%                                                      |
| Hardware systems products                              | 725                             | 8%               | 671             | 8%               | 8%                                   | 10%                                                     |
| Hardware systems support                               | 598                             | 6%               | 570             | 6%               | 5%                                   | 7%                                                      |
| Hardware Systems Revenues                              | 1,323                           | 14%              | 1,241           | 14%              | 7%                                   | 9%                                                      |
| Services Revenues                                      | 1,005                           | 11%              | 1,045           | 12%              | (4%)                                 | (2%)                                                    |
| <b>Total Revenues</b>                                  | <b>9,307</b>                    | <b>100%</b>      | <b>8,958</b>    | <b>100%</b>      | <b>4%</b>                            | <b>6%</b>                                               |
| <b>OPERATING EXPENSES</b>                              |                                 |                  |                 |                  |                                      |                                                         |
| Sales and marketing                                    | 1,928                           | 21%              | 1,802           | 20%              | 7%                                   | 9%                                                      |
| Software license updates and product support           | 286                             | 3%               | 306             | 3%               | (7%)                                 | (4%)                                                    |
| Hardware systems products                              | 379                             | 4%               | 337             | 4%               | 13%                                  | 15%                                                     |
| Hardware systems support                               | 207                             | 2%               | 219             | 2%               | (5%)                                 | (4%)                                                    |
| Services                                               | 804                             | 9%               | 854             | 10%              | (6%)                                 | (4%)                                                    |
| Research and development                               | 1,292                           | 14%              | 1,186           | 13%              | 9%                                   | 10%                                                     |
| General and administrative                             | 251                             | 3%               | 260             | 3%               | (3%)                                 | (2%)                                                    |
| Amortization of intangible assets                      | 560                             | 6%               | 586             | 7%               | (4%)                                 | (4%)                                                    |
| Acquisition related and other                          | (5)                             | 0%               | 32              | 0%               | (117%)                               | (115%)                                                  |
| Restructuring                                          | 38                              | 0%               | 42              | 1%               | (9%)                                 | (9%)                                                    |
| <b>Total Operating Expenses</b>                        | <b>5,740</b>                    | <b>62%</b>       | <b>5,624</b>    | <b>63%</b>       | <b>2%</b>                            | <b>4%</b>                                               |
| <b>OPERATING INCOME</b>                                | <b>3,567</b>                    | <b>38%</b>       | <b>3,334</b>    | <b>37%</b>       | <b>7%</b>                            | <b>9%</b>                                               |
| Interest expense                                       | (228)                           | (2%)             | (205)           | (2%)             | 11%                                  | 11%                                                     |
| Non-operating expense, net                             | (90)                            | (1%)             | (39)            | (1%)             | 132%                                 | 113%                                                    |
| <b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>        | <b>3,249</b>                    | <b>35%</b>       | <b>3,090</b>    | <b>34%</b>       | <b>5%</b>                            | <b>8%</b>                                               |
| Provision for income taxes                             | 684                             | 7%               | 586             | 6%               | 17%                                  | 19%                                                     |
| <b>NET INCOME</b>                                      | <b>\$ 2,565</b>                 | <b>28%</b>       | <b>\$ 2,504</b> | <b>28%</b>       | <b>2%</b>                            | <b>5%</b>                                               |
| <b>EARNINGS PER SHARE:</b>                             |                                 |                  |                 |                  |                                      |                                                         |
| Basic                                                  | \$ 0.57                         |                  | \$ 0.53         |                  |                                      |                                                         |
| Diluted                                                | \$ 0.56                         |                  | \$ 0.52         |                  |                                      |                                                         |
| <b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>     |                                 |                  |                 |                  |                                      |                                                         |
| Basic                                                  | 4,496                           |                  | 4,735           |                  |                                      |                                                         |
| Diluted                                                | 4,575                           |                  | 4,812           |                  |                                      |                                                         |

(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, 2013, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods. Movements in international currencies relative to the United States dollar during the three months ended February 28, 2014 compared with the corresponding prior year period decreased our revenues by 2 percentage points, operating expenses by 2 percentage points and operating income by 2 percentage points.

**ORACLE CORPORATION**  
**Q3 FISCAL 2014 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) |          |
|------------------------------------------------------------|---------------------------------|----------|------------------|--------------|----------|------------------|--------------------------------|----------|------------------------------------------------|----------|
|                                                            | 2014<br>GAAP                    | Adj.     | 2014<br>Non-GAAP | 2013<br>GAAP | Adj.     | 2013<br>Non-GAAP | GAAP                           | Non-GAAP | GAAP                                           | Non-GAAP |
| <b>TOTAL REVENUES (3) (4)</b>                              | \$ 9,307                        | \$ 8     | \$ 9,315         | \$ 8,958     | \$ 12    | \$ 8,970         | 4%                             | 4%       | 6%                                             | 6%       |
| <b>TOTAL SOFTWARE REVENUES (3)</b>                         | \$ 6,979                        | \$ 6     | \$ 6,985         | \$ 6,672     | \$ 10    | \$ 6,682         | 5%                             | 5%       | 6%                                             | 6%       |
| New software licenses and cloud software subscriptions (3) | 2,415                           | 5        | 2,420            | 2,332        | 6        | 2,338            | 4%                             | 4%       | 6%                                             | 5%       |
| Software license updates and product support               | 4,564                           | 1        | 4,565            | 4,340        | 4        | 4,344            | 5%                             | 5%       | 7%                                             | 7%       |
| <b>TOTAL HARDWARE SYSTEMS REVENUES (4)</b>                 | \$ 1,323                        | \$ 2     | \$ 1,325         | \$ 1,241     | \$ 2     | \$ 1,243         | 7%                             | 7%       | 9%                                             | 9%       |
| Hardware systems products                                  | 725                             | -        | 725              | 671          | -        | 671              | 8%                             | 8%       | 10%                                            | 10%      |
| Hardware systems support (4)                               | 598                             | 2        | 600              | 570          | 2        | 572              | 5%                             | 5%       | 7%                                             | 7%       |
| <b>TOTAL OPERATING EXPENSES</b>                            | \$ 5,740                        | \$ (791) | \$ 4,949         | \$ 5,624     | \$ (832) | \$ 4,792         | 2%                             | 3%       | 4%                                             | 5%       |
| Stock-based compensation (5)                               | 198                             | (198)    | -                | 172          | (172)    | -                | 15%                            | *        | 15%                                            | *        |
| Amortization of intangible assets (6)                      | 560                             | (560)    | -                | 586          | (586)    | -                | (4%)                           | *        | (4%)                                           | *        |
| Acquisition related and other                              | (5)                             | 5        | -                | 32           | (32)     | -                | (117%)                         | *        | (115%)                                         | *        |
| Restructuring                                              | 38                              | (38)     | -                | 42           | (42)     | -                | (9%)                           | *        | (9%)                                           | *        |
| <b>OPERATING INCOME</b>                                    | \$ 3,567                        | \$ 799   | \$ 4,366         | \$ 3,334     | \$ 844   | \$ 4,178         | 7%                             | 5%       | 9%                                             | 6%       |
| <b>OPERATING MARGIN %</b>                                  | 38%                             |          | 47%              | 37%          |          | 47%              | 111 bp.                        | 30 bp.   | 120 bp.                                        | 24 bp.   |
| <b>INCOME TAX EFFECTS (7)</b>                              | \$ 684                          | \$ 251   | \$ 935           | \$ 586       | \$ 240   | \$ 826           | 17%                            | 13%      | 19%                                            | 15%      |
| <b>NET INCOME</b>                                          | \$ 2,565                        | \$ 548   | \$ 3,113         | \$ 2,504     | \$ 604   | \$ 3,108         | 2%                             | 0%       | 5%                                             | 2%       |
| <b>DILUTED EARNINGS PER SHARE</b>                          | \$ 0.56                         |          | \$ 0.68          | \$ 0.52      |          | \$ 0.65          | 8%                             | 5%       | 10%                                            | 7%       |
| <b>DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>  | 4,575                           | -        | 4,575            | 4,812        | -        | 4,812            | (5%)                           | (5%)     | (5%)                                           | (5%)     |

(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, 2013, 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, 2014, approximately \$3 million in estimated revenues related to assumed cloud software subscriptions contracts will not be recognized for each of the remainder of fiscal 2014 and fiscal 2015 due to business combination accounting rules.

(4) As of February 28, 2014, approximately \$1 million and \$2 million in estimated revenues related to hardware systems support contracts will not be recognized for the remainder of fiscal 2014 and fiscal 2015, respectively, due to business combination accounting rules.

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

|                                              | Three Months Ended<br>February 28, 2014 |          |          | Three Months Ended<br>February 28, 2013 |          |          |
|----------------------------------------------|-----------------------------------------|----------|----------|-----------------------------------------|----------|----------|
|                                              | GAAP                                    | Adj.     | Non-GAAP | GAAP                                    | Adj.     | Non-GAAP |
| Sales and marketing                          | \$ 42                                   | \$ (42)  | \$ -     | \$ 32                                   | \$ (32)  | \$ -     |
| Software license updates and product support | 6                                       | (6)      | -        | 5                                       | (5)      | -        |
| Hardware systems products                    | 1                                       | (1)      | -        | 1                                       | (1)      | -        |
| Hardware systems support                     | 1                                       | (1)      | -        | 1                                       | (1)      | -        |
| Services                                     | 7                                       | (7)      | -        | 7                                       | (7)      | -        |
| Research and development                     | 99                                      | (99)     | -        | 86                                      | (86)     | -        |
| General and administrative                   | 42                                      | (42)     | -        | 40                                      | (40)     | -        |
| Subtotal                                     | 198                                     | (198)    | -        | 172                                     | (172)    | -        |
| Acquisition related and other                | -                                       | -        | -        | 8                                       | (8)      | -        |
| Total stock-based compensation               | \$ 198                                  | \$ (198) | \$ -     | \$ 180                                  | \$ (180) | \$ -     |

(6) Estimated future annual amortization expense related to intangible assets as of February 28, 2014 was as follows:

|                                                 |          |
|-------------------------------------------------|----------|
| Remainder of Fiscal 2014                        | \$ 554   |
| Fiscal 2015                                     | 1,894    |
| Fiscal 2016                                     | 1,315    |
| Fiscal 2017                                     | 722      |
| Fiscal 2018                                     | 588      |
| Fiscal 2019                                     | 489      |
| Thereafter                                      | 932      |
| Total intangible assets subject to amortization | 6,494    |
| In-process research and development             | 64       |
| Total intangible assets, net                    | \$ 6,558 |

(7) Income tax effects were calculated reflecting an effective GAAP tax rate of 21.0% and 19.0% in the third quarter of fiscal 2014 and 2013, respectively, and an effective non-GAAP tax rate of 23.1% and 21.0% in the third quarter of fiscal 2014 and 2013, respectively. The difference between our GAAP and non-GAAP tax rates in the third quarter of fiscal 2014 was primarily due to the net tax effects of acquisition related items, including the tax effect of amortization of intangible assets. The difference between our GAAP and non-GAAP tax rates in the third quarter of fiscal 2013 was primarily due to the net tax effects of acquisition related items, including the tax effect of amortization of intangible assets, and the disproportionate rate impact of discrete items for the quarter.

\* Not meaningful

**ORACLE CORPORATION**  
**Q3 FISCAL 2014 YEAR TO DATE FINANCIAL RESULTS**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(\$ in millions, except per share data)

|                                                        | Nine Months Ended February 28, |                  |          |                  | % Increase<br>(Decrease)<br>in US \$ | % Increase<br>(Decrease)<br>in Constant<br>Currency (1) |
|--------------------------------------------------------|--------------------------------|------------------|----------|------------------|--------------------------------------|---------------------------------------------------------|
|                                                        | 2014                           | % of<br>Revenues | 2013     | % of<br>Revenues |                                      |                                                         |
| <b>REVENUES</b>                                        |                                |                  |          |                  |                                      |                                                         |
| New software licenses and cloud software subscriptions | \$ 6,447                       | 24%              | \$ 6,295 | 24%              | 2%                                   | 4%                                                      |
| Software license updates and product support           | 13,511                         | 50%              | 12,740   | 49%              | 6%                                   | 7%                                                      |
| Software Revenues                                      | 19,958                         | 74%              | 19,035   | 73%              | 5%                                   | 6%                                                      |
| Hardware systems products                              | 2,108                          | 8%               | 2,185    | 8%               | (3%)                                 | (2%)                                                    |
| Hardware systems support                               | 1,800                          | 7%               | 1,730    | 7%               | 4%                                   | 6%                                                      |
| Hardware Systems Revenues                              | 3,908                          | 15%              | 3,915    | 15%              | 0%                                   | 1%                                                      |
| Services Revenues                                      | 3,089                          | 11%              | 3,283    | 12%              | (6%)                                 | (4%)                                                    |
| <b>Total Revenues</b>                                  | 26,955                         | 100%             | 26,233   | 100%             | 3%                                   | 4%                                                      |
| <b>OPERATING EXPENSES</b>                              |                                |                  |          |                  |                                      |                                                         |
| Sales and marketing                                    | 5,601                          | 21%              | 5,120    | 19%              | 9%                                   | 11%                                                     |
| Software license updates and product support           | 860                            | 3%               | 860      | 3%               | 0%                                   | 2%                                                      |
| Hardware systems products                              | 1,078                          | 4%               | 1,087    | 4%               | (1%)                                 | 1%                                                      |
| Hardware systems support                               | 630                            | 2%               | 670      | 3%               | (6%)                                 | (5%)                                                    |
| Services                                               | 2,461                          | 9%               | 2,668    | 10%              | (8%)                                 | (6%)                                                    |
| Research and development                               | 3,803                          | 14%              | 3,586    | 14%              | 6%                                   | 7%                                                      |
| General and administrative                             | 773                            | 3%               | 798      | 3%               | (3%)                                 | (2%)                                                    |
| Amortization of intangible assets                      | 1,732                          | 6%               | 1,789    | 7%               | (3%)                                 | (3%)                                                    |
| Acquisition related and other (2)                      | 21                             | 0%               | (347)    | (1%)             | 106%                                 | 106%                                                    |
| Restructuring                                          | 146                            | 1%               | 318      | 1%               | (54%)                                | (55%)                                                   |
| <b>Total Operating Expenses</b>                        | 17,105                         | 63%              | 16,549   | 63%              | 3%                                   | 5%                                                      |
| <b>OPERATING INCOME</b>                                | 9,850                          | 37%              | 9,684    | 37%              | 2%                                   | 4%                                                      |
| Interest expense                                       | (674)                          | (3%)             | (588)    | (2%)             | 15%                                  | 15%                                                     |
| Non-operating expense, net                             | (60)                           | 0%               | (24)     | 0%               | 151%                                 | 64%                                                     |
| <b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>        | 9,116                          | 34%              | 9,072    | 35%              | 0%                                   | 3%                                                      |
| Provision for income taxes                             | 1,807                          | 7%               | 1,953    | 8%               | (8%)                                 | (5%)                                                    |
| <b>NET INCOME</b>                                      | \$ 7,309                       | 27%              | \$ 7,119 | 27%              | 3%                                   | 5%                                                      |
| <b>EARNINGS PER SHARE:</b>                             |                                |                  |          |                  |                                      |                                                         |
| Basic                                                  | \$ 1.61                        |                  | \$ 1.48  |                  |                                      |                                                         |
| Diluted                                                | \$ 1.58                        |                  | \$ 1.46  |                  |                                      |                                                         |
| <b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>     |                                |                  |          |                  |                                      |                                                         |
| Basic                                                  | 4,546                          |                  | 4,798    |                  |                                      |                                                         |
| Diluted                                                | 4,616                          |                  | 4,873    |                  |                                      |                                                         |

(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, 2013, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods. Movements in international currencies relative to the United States dollar during the nine months ended February 28, 2014 compared with the corresponding prior year period decreased our revenues by 1 percentage point, operating expenses by 2 percentage points and operating income by 2 percentage points.

(2) Acquisition related and other expenses for the nine months ended February 28, 2013 included a benefit of \$306 million related to certain litigation and a net benefit of \$118 million due to an acquisition related item.

**ORACLE CORPORATION**  
**Q3 FISCAL 2014 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) |          |
|------------------------------------------------------------|--------------------------------|------------|------------------|--------------|------------|------------------|--------------------------------|----------|------------------------------------------------|----------|
|                                                            | 2014<br>GAAP                   | Adj.       | 2014<br>Non-GAAP | 2013<br>GAAP | Adj.       | 2013<br>Non-GAAP | GAAP                           | Non-GAAP | GAAP                                           | Non-GAAP |
| <b>TOTAL REVENUES (3) (4)</b>                              | \$ 26,955                      | \$ 25      | \$ 26,980        | \$ 26,233    | \$ 59      | \$ 26,292        | 3%                             | 3%       | 4%                                             | 4%       |
| <b>TOTAL SOFTWARE REVENUES (3)</b>                         | \$ 19,958                      | \$ 14      | \$ 19,972        | \$ 19,035    | \$ 49      | \$ 19,084        | 5%                             | 5%       | 6%                                             | 6%       |
| New software licenses and cloud software subscriptions (3) | 6,447                          | 12         | 6,459            | 6,295        | 37         | 6,332            | 2%                             | 2%       | 4%                                             | 4%       |
| Software license updates and product support               | 13,511                         | 2          | 13,513           | 12,740       | 12         | 12,752           | 6%                             | 6%       | 7%                                             | 7%       |
| <b>TOTAL HARDWARE SYSTEMS REVENUES (4)</b>                 | \$ 3,908                       | \$ 11      | \$ 3,919         | \$ 3,915     | \$ 10      | \$ 3,925         | 0%                             | 0%       | 1%                                             | 1%       |
| Hardware systems products                                  | 2,108                          | -          | 2,108            | 2,185        | -          | 2,185            | (3%)                           | (3%)     | (2%)                                           | (2%)     |
| Hardware systems support (4)                               | 1,800                          | 11         | 1,811            | 1,730        | 10         | 1,740            | 4%                             | 4%       | 6%                                             | 6%       |
| <b>TOTAL OPERATING EXPENSES</b>                            | \$ 17,105                      | \$ (2,478) | \$ 14,627        | \$ 16,549    | \$ (2,296) | \$ 14,253        | 3%                             | 3%       | 5%                                             | 4%       |
| Stock-based compensation (5)                               | 579                            | (579)      | -                | 536          | (536)      | -                | 8%                             | *        | 8%                                             | *        |
| Amortization of intangible assets (6)                      | 1,732                          | (1,732)    | -                | 1,789        | (1,789)    | -                | (3%)                           | *        | (3%)                                           | *        |
| Acquisition related and other                              | 21                             | (21)       | -                | (347)        | 347        | -                | 106%                           | *        | 106%                                           | *        |
| Restructuring                                              | 146                            | (146)      | -                | 318          | (318)      | -                | (54%)                          | *        | (55%)                                          | *        |
| <b>OPERATING INCOME</b>                                    | \$ 9,850                       | \$ 2,503   | \$ 12,353        | \$ 9,684     | \$ 2,355   | \$ 12,039        | 2%                             | 3%       | 4%                                             | 4%       |
| <b>OPERATING MARGIN %</b>                                  | 37%                            |            | 46%              | 37%          |            | 46%              | (37) bp.                       | 0 bp.    | (23) bp.                                       | 1 bp.    |
| <b>INCOME TAX EFFECTS (7)</b>                              | \$ 1,807                       | \$ 783     | \$ 2,590         | \$ 1,953     | \$ 630     | \$ 2,583         | (8%)                           | 0%       | (5%)                                           | 2%       |
| <b>NET INCOME</b>                                          | \$ 7,309                       | \$ 1,720   | \$ 9,029         | \$ 7,119     | \$ 1,725   | \$ 8,844         | 3%                             | 2%       | 5%                                             | 4%       |
| <b>DILUTED EARNINGS PER SHARE</b>                          | \$ 1.58                        |            | \$ 1.96          | \$ 1.46      |            | \$ 1.81          | 8%                             | 8%       | 11%                                            | 10%      |
| <b>DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>  | 4,616                          | -          | 4,616            | 4,873        | -          | 4,873            | (5%)                           | (5%)     | (5%)                                           | (5%)     |

(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, 2013, 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, 2014, approximately \$3 million in estimated revenues related to assumed cloud software subscriptions contracts will not be recognized for each of the remainder of fiscal 2014 and fiscal 2015 due to business combination accounting rules.

(4) As of February 28, 2014, approximately \$1 million and \$2 million in estimated revenues related to hardware systems support contracts will not be recognized for the remainder of fiscal 2014 and fiscal 2015, respectively, due to business combination accounting rules.

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

|                                              | Nine Months Ended<br>February 28, 2014 |          |          | Nine Months Ended<br>February 28, 2013 |          |          |
|----------------------------------------------|----------------------------------------|----------|----------|----------------------------------------|----------|----------|
|                                              | GAAP                                   | Adj.     | Non-GAAP | GAAP                                   | Adj.     | Non-GAAP |
| Sales and marketing                          | \$ 123                                 | \$ (123) | \$ -     | \$ 112                                 | \$ (112) | \$ -     |
| Software license updates and product support | 16                                     | (16)     | -        | 15                                     | (15)     | -        |
| Hardware systems products                    | 4                                      | (4)      | -        | 2                                      | (2)      | -        |
| Hardware systems support                     | 4                                      | (4)      | -        | 3                                      | (3)      | -        |
| Services                                     | 20                                     | (20)     | -        | 24                                     | (24)     | -        |
| Research and development                     | 285                                    | (285)    | -        | 258                                    | (258)    | -        |
| General and administrative                   | 127                                    | (127)    | -        | 122                                    | (122)    | -        |
| Subtotal                                     | 579                                    | (579)    | -        | 536                                    | (536)    | -        |
| Acquisition related and other                | 4                                      | (4)      | -        | 30                                     | (30)     | -        |
| Total stock-based compensation               | \$ 583                                 | \$ (583) | \$ -     | \$ 566                                 | \$ (566) | \$ -     |

(6) Estimated future annual amortization expense related to intangible assets as of February 28, 2014 was as follows:

|                                                 |          |
|-------------------------------------------------|----------|
| Remainder of Fiscal 2014                        | \$ 554   |
| Fiscal 2015                                     | 1,894    |
| Fiscal 2016                                     | 1,315    |
| Fiscal 2017                                     | 722      |
| Fiscal 2018                                     | 588      |
| Fiscal 2019                                     | 489      |
| Thereafter                                      | 932      |
| Total intangible assets subject to amortization | 6,494    |
| In-process research and development             | 64       |
| Total intangible assets, net                    | \$ 6,558 |

(7) Income tax effects were calculated reflecting an effective GAAP tax rate of 19.8% and 21.5% in the first nine months of fiscal 2014 and 2013, respectively, and an effective non-GAAP tax rate of 22.3% and 22.6% in the first nine months of fiscal 2014 and 2013, respectively. The differences between our GAAP and non-GAAP tax rates in the first nine months of fiscal 2014 and 2013 were primarily due to the net tax effects of acquisition related items, including the tax effects of amortization of intangible assets.

\* Not meaningful

# ORACLE CORPORATION

## Q3 FISCAL 2014 FINANCIAL RESULTS CONDENSED CONSOLIDATED BALANCE SHEETS (\$ in millions)

|                                                     | February 28,<br>2014 | May 31,<br>2013  |
|-----------------------------------------------------|----------------------|------------------|
| <b>ASSETS</b>                                       |                      |                  |
| <b>Current Assets:</b>                              |                      |                  |
| Cash and cash equivalents                           | \$ 16,832            | \$ 14,613        |
| Marketable securities                               | 20,393               | 17,603           |
| Trade receivables, net                              | 4,071                | 6,049            |
| Inventories                                         | 227                  | 240              |
| Deferred tax assets                                 | 1,012                | 974              |
| Prepaid expenses and other current assets           | 1,869                | 2,213            |
| <b>Total Current Assets</b>                         | <b>44,404</b>        | <b>41,692</b>    |
| <b>Non-Current Assets:</b>                          |                      |                  |
| Property, plant and equipment, net                  | 3,052                | 3,053            |
| Intangible assets, net                              | 6,558                | 6,640            |
| Goodwill                                            | 29,322               | 27,343           |
| Deferred tax assets                                 | 720                  | 766              |
| Other assets                                        | 2,506                | 2,318            |
| <b>Total Non-Current Assets</b>                     | <b>42,158</b>        | <b>40,120</b>    |
| <b>TOTAL ASSETS</b>                                 | <b>\$ 86,562</b>     | <b>\$ 81,812</b> |
| <b>LIABILITIES AND EQUITY</b>                       |                      |                  |
| <b>Current Liabilities:</b>                         |                      |                  |
| Notes payable, current and other current borrowings | \$ 1,516             | \$ -             |
| Accounts payable                                    | 396                  | 419              |
| Accrued compensation and related benefits           | 1,583                | 1,851            |
| Income taxes payable                                | 438                  | 911              |
| Deferred revenues                                   | 6,473                | 7,118            |
| Other current liabilities                           | 2,686                | 2,573            |
| <b>Total Current Liabilities</b>                    | <b>13,092</b>        | <b>12,872</b>    |
| <b>Non-Current Liabilities:</b>                     |                      |                  |
| Notes payable and other non-current borrowings      | 22,677               | 18,494           |
| Income taxes payable                                | 4,055                | 3,899            |
| Other non-current liabilities                       | 1,503                | 1,402            |
| <b>Total Non-Current Liabilities</b>                | <b>28,235</b>        | <b>23,795</b>    |
| <b>Equity</b>                                       | <b>45,235</b>        | <b>45,145</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>                 | <b>\$ 86,562</b>     | <b>\$ 81,812</b> |

# ORACLE CORPORATION

## Q3 FISCAL 2014 FINANCIAL RESULTS CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (\$ in millions)

|                                                                                                   | Nine Months Ended February 28, |                  |
|---------------------------------------------------------------------------------------------------|--------------------------------|------------------|
|                                                                                                   | 2014                           | 2013             |
| <b>Cash Flows From Operating Activities:</b>                                                      |                                |                  |
| Net income                                                                                        | \$ 7,309                       | \$ 7,119         |
| Adjustments to reconcile net income to net cash provided by operating activities:                 |                                |                  |
| Depreciation                                                                                      | 452                            | 400              |
| Amortization of intangible assets                                                                 | 1,732                          | 1,789            |
| Deferred income taxes                                                                             | (307)                          | 108              |
| Stock-based compensation                                                                          | 583                            | 566              |
| Tax benefits on the exercise of stock options and vesting of restricted stock-based awards        | 288                            | 372              |
| Excess tax benefits on the exercise of stock options and vesting of restricted stock-based awards | (162)                          | (220)            |
| Other, net                                                                                        | 72                             | 120              |
| Changes in operating assets and liabilities, net of effects from acquisitions:                    |                                |                  |
| Decrease in trade receivables, net                                                                | 2,006                          | 2,269            |
| Decrease (increase) in inventories                                                                | 20                             | (48)             |
| Decrease (increase) in prepaid expenses and other assets                                          | 181                            | (241)            |
| Decrease in accounts payable and other liabilities                                                | (730)                          | (912)            |
| Decrease in income taxes payable                                                                  | (457)                          | (853)            |
| Decrease in deferred revenues                                                                     | (522)                          | (809)            |
| <b>Net cash provided by operating activities</b>                                                  | <b>10,465</b>                  | <b>9,660</b>     |
| <b>Cash Flows From Investing Activities:</b>                                                      |                                |                  |
| Purchases of marketable securities and other investments                                          | (25,550)                       | (24,027)         |
| Proceeds from maturities and sales of marketable securities and other investments                 | 23,110                         | 22,359           |
| Acquisitions, net of cash acquired                                                                | (3,066)                        | (1,592)          |
| Capital expenditures                                                                              | (426)                          | (467)            |
| <b>Net cash used for investing activities</b>                                                     | <b>(5,932)</b>                 | <b>(3,727)</b>   |
| <b>Cash Flows From Financing Activities:</b>                                                      |                                |                  |
| Payments for repurchases of common stock                                                          | (7,841)                        | (8,204)          |
| Proceeds from issuances of common stock                                                           | 1,519                          | 1,300            |
| Payments of dividends to stockholders                                                             | (1,640)                        | (1,433)          |
| Proceeds from borrowings, net of issuance costs                                                   | 5,566                          | 4,974            |
| Repayments of borrowings                                                                          | -                              | (1,700)          |
| Excess tax benefits on the exercise of stock options and vesting of restricted stock-based awards | 162                            | 220              |
| Distributions to noncontrolling interests                                                         | (28)                           | (31)             |
| <b>Net cash used for financing activities</b>                                                     | <b>(2,262)</b>                 | <b>(4,874)</b>   |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                               | <b>(52)</b>                    | <b>87</b>        |
| <b>Net increase in cash and cash equivalents</b>                                                  | <b>2,219</b>                   | <b>1,146</b>     |
| <b>Cash and cash equivalents at beginning of period</b>                                           | <b>14,613</b>                  | <b>14,955</b>    |
| <b>Cash and cash equivalents at end of period</b>                                                 | <b>\$ 16,832</b>               | <b>\$ 16,101</b> |

**ORACLE CORPORATION**  
**Q3 FISCAL 2014 FINANCIAL RESULTS**  
**FREE CASH FLOW - TRAILING 4-QUARTERS (1)**  
**(\$ in millions)**

|                                            | Fiscal 2013 |           |           |           | Fiscal 2014 |           |           |    |
|--------------------------------------------|-------------|-----------|-----------|-----------|-------------|-----------|-----------|----|
|                                            | Q1          | Q2        | Q3        | Q4        | Q1          | Q2        | Q3        | Q4 |
| <b>GAAP Operating Cash Flow</b>            | \$ 13,993   | \$ 13,533 | \$ 13,717 | \$ 14,224 | \$ 14,845   | \$ 15,196 | \$ 15,029 |    |
| <b>Capital Expenditures (2)</b>            | (627)       | (710)     | (684)     | (650)     | (664)       | (578)     | (609)     |    |
| <b>Free Cash Flow</b>                      | \$ 13,366   | \$ 12,823 | \$ 13,033 | \$ 13,574 | \$ 14,181   | \$ 14,618 | \$ 14,420 |    |
| <b>% Growth over prior year</b>            | 8%          | 2%        | 1%        | 4%        | 6%          | 14%       | 11%       |    |
| <b>GAAP Net Income</b>                     | \$ 10,175   | \$ 10,564 | \$ 10,571 | \$ 10,925 | \$ 11,082   | \$ 11,054 | \$ 11,115 |    |
| <b>Free Cash Flow as a % of Net Income</b> | 131%        | 121%      | 123%      | 124%      | 128%        | 132%      | 130%      |    |

(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) Derived from capital expenditures as reported in cash flows from investing activities as per our consolidated statements of cash flows presented in accordance with GAAP.

**ORACLE CORPORATION**  
**Q3 FISCAL 2014 FINANCIAL RESULTS**  
**SUPPLEMENTAL ANALYSIS OF GAAP REVENUES AND HEADCOUNT (1)**  
(\$ in millions)

|                                                        | Fiscal 2013 |          |          |           |           | Fiscal 2014 |          |          |    |           |
|--------------------------------------------------------|-------------|----------|----------|-----------|-----------|-------------|----------|----------|----|-----------|
|                                                        | Q1          | Q2       | Q3       | Q4        | TOTAL     | Q1          | Q2       | Q3       | Q4 | TOTAL     |
| <b>REVENUES</b>                                        |             |          |          |           |           |             |          |          |    |           |
| New software licenses and cloud software subscriptions | \$ 1,574    | \$ 2,389 | \$ 2,332 | \$ 4,026  | \$ 10,321 | \$ 1,653    | \$ 2,380 | \$ 2,415 |    | \$ 6,447  |
| Software license updates and product support           | 4,140       | 4,260    | 4,340    | 4,402     | 17,142    | 4,431       | 4,516    | 4,564    |    | 13,511    |
| Software Revenues                                      | 5,714       | 6,649    | 6,672    | 8,428     | 27,463    | 6,084       | 6,896    | 6,979    |    | 19,958    |
| Hardware systems products                              | 779         | 734      | 671      | 849       | 3,033     | 669         | 714      | 725      |    | 2,108     |
| Hardware systems support                               | 574         | 587      | 570      | 582       | 2,313     | 592         | 609      | 598      |    | 1,800     |
| Hardware Systems Revenues                              | 1,353       | 1,321    | 1,241    | 1,431     | 5,346     | 1,261       | 1,323    | 1,323    |    | 3,908     |
| Services Revenues                                      | 1,114       | 1,124    | 1,045    | 1,088     | 4,371     | 1,027       | 1,056    | 1,005    |    | 3,089     |
| Total Revenues                                         | \$ 8,181    | \$ 9,094 | \$ 8,958 | \$ 10,947 | \$ 37,180 | \$ 8,372    | \$ 9,275 | \$ 9,307 |    | \$ 26,955 |
| <b>AS REPORTED REVENUE GROWTH RATES</b>                |             |          |          |           |           |             |          |          |    |           |
| New software licenses and cloud software subscriptions | 5%          | 17%      | (2%)     | 1%        | 4%        | 5%          | 0%       | 4%       |    | 2%        |
| Software license updates and product support           | 3%          | 7%       | 7%       | 6%        | 6%        | 7%          | 6%       | 5%       |    | 6%        |
| Software Revenues                                      | 4%          | 10%      | 4%       | 4%        | 5%        | 6%          | 4%       | 5%       |    | 5%        |
| Hardware systems products                              | (24%)       | (23%)    | (23%)    | (13%)     | (21%)     | (14%)       | (3%)     | 8%       |    | (3%)      |
| Hardware systems support                               | (11%)       | (6%)     | (6%)     | (3%)      | (7%)      | 3%          | 4%       | 5%       |    | 4%        |
| Hardware Systems Revenues                              | (19%)       | (16%)    | (16%)    | (9%)      | (15%)     | (7%)        | 0%       | 7%       |    | 0%        |
| Services Revenues                                      | (6%)        | (5%)     | (8%)     | (9%)      | (7%)      | (8%)        | (6%)     | (4%)     |    | (6%)      |
| Total Revenues                                         | (2%)        | 3%       | (1%)     | 0%        | 0%        | 2%          | 2%       | 4%       |    | 3%        |
| <b>CONSTANT CURRENCY GROWTH RATES (2)</b>              |             |          |          |           |           |             |          |          |    |           |
| New software licenses and cloud software subscriptions | 10%         | 18%      | 0%       | 2%        | 6%        | 7%          | 1%       | 6%       |    | 4%        |
| Software license updates and product support           | 8%          | 8%       | 8%       | 8%        | 8%        | 8%          | 7%       | 7%       |    | 7%        |
| Software Revenues                                      | 9%          | 11%      | 5%       | 5%        | 7%        | 8%          | 5%       | 6%       |    | 6%        |
| Hardware systems products                              | (21%)       | (23%)    | (22%)    | (12%)     | (19%)     | (13%)       | (2%)     | 10%      |    | (2%)      |
| Hardware systems support                               | (6%)        | (5%)     | (5%)     | (1%)      | (4%)      | 5%          | 5%       | 7%       |    | 6%        |
| Hardware Systems Revenues                              | (15%)       | (16%)    | (15%)    | (8%)      | (13%)     | (6%)        | 2%       | 9%       |    | 1%        |
| Services Revenues                                      | 0%          | (3%)     | (7%)     | (8%)      | (5%)      | (6%)        | (5%)     | (2%)     |    | (4%)      |
| Total Revenues                                         | 3%          | 5%       | 0%       | 2%        | 2%        | 4%          | 3%       | 6%       |    | 4%        |
| <b>GEOGRAPHIC REVENUES</b>                             |             |          |          |           |           |             |          |          |    |           |
| <b>REVENUES</b>                                        |             |          |          |           |           |             |          |          |    |           |
| Americas                                               | \$ 4,324    | \$ 4,787 | \$ 4,698 | \$ 5,911  | \$ 19,719 | \$ 4,517    | \$ 4,995 | \$ 4,953 |    | \$ 14,466 |
| Europe, Middle East & Africa                           | 2,383       | 2,701    | 2,745    | 3,328     | 11,158    | 2,439       | 2,817    | 2,923    |    | 8,178     |
| Asia Pacific                                           | 1,474       | 1,606    | 1,515    | 1,708     | 6,303     | 1,416       | 1,463    | 1,431    |    | 4,311     |
| Total Revenues                                         | \$ 8,181    | \$ 9,094 | \$ 8,958 | \$ 10,947 | \$ 37,180 | \$ 8,372    | \$ 9,275 | \$ 9,307 |    | \$ 26,955 |
| <b>HEADCOUNT</b>                                       |             |          |          |           |           |             |          |          |    |           |
| <b>GEOGRAPHIC AREA</b>                                 |             |          |          |           |           |             |          |          |    |           |
| Americas                                               | 49,145      | 49,584   | 50,402   | 51,519    |           | 53,465      | 53,073   | 53,799   |    |           |
| Europe, Middle East & Africa                           | 22,584      | 22,594   | 22,592   | 22,860    |           | 23,349      | 23,178   | 23,350   |    |           |
| Asia Pacific                                           | 44,170      | 45,051   | 45,663   | 45,855    |           | 45,513      | 45,617   | 45,561   |    |           |
| Total Company                                          | 115,899     | 117,229  | 118,657  | 120,234   |           | 122,327     | 121,868  | 122,710  |    |           |

(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, 2013 and 2012 for the fiscal 2014 and fiscal 2013 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

**ORACLE CORPORATION**  
**Q3 FISCAL 2014 FINANCIAL RESULTS**  
**SUPPLEMENTAL GEOGRAPHIC REVENUES ANALYSIS (1)**  
(\$ in millions)

|                                                        | Fiscal 2013 |          |          |          |           | Fiscal 2014 |          |          |    |          |
|--------------------------------------------------------|-------------|----------|----------|----------|-----------|-------------|----------|----------|----|----------|
|                                                        | Q1          | Q2       | Q3       | Q4       | TOTAL     | Q1          | Q2       | Q3       | Q4 | TOTAL    |
| <b>AMERICAS</b>                                        |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | \$ 814      | \$ 1,253 | \$ 1,205 | \$ 2,194 | \$ 5,465  | \$ 926      | \$ 1,295 | \$ 1,287 |    | \$ 3,507 |
| Hardware systems products                              | \$ 380      | \$ 370   | \$ 307   | \$ 439   | \$ 1,495  | \$ 335      | \$ 381   | \$ 348   |    | \$ 1,064 |
| <b>AS REPORTED GROWTH RATES</b>                        |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | 12%         | 22%      | (2%)     | 3%       | 7%        | 14%         | 3%       | 7%       |    | 7%       |
| Hardware systems products                              | (20%)       | (25%)    | (25%)    | (12%)    | (20%)     | (12%)       | 3%       | 13%      |    | 1%       |
| <b>CONSTANT CURRENCY GROWTH RATES (2)</b>              |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | 14%         | 22%      | (1%)     | 4%       | 8%        | 15%         | 5%       | 9%       |    | 9%       |
| Hardware systems products                              | (19%)       | (25%)    | (25%)    | (12%)    | (20%)     | (11%)       | 4%       | 16%      |    | 2%       |
| <b>EUROPE / MIDDLE EAST / AFRICA</b>                   |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | \$ 403      | \$ 641   | \$ 690   | \$ 1,224 | \$ 2,959  | \$ 388      | \$ 675   | \$ 727   |    | \$ 1,789 |
| Hardware systems products                              | \$ 214      | \$ 198   | \$ 201   | \$ 228   | \$ 842    | \$ 177      | \$ 184   | \$ 218   |    | \$ 579   |
| <b>AS REPORTED GROWTH RATES</b>                        |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | (8%)        | 10%      | 0%       | 5%       | 3%        | (4%)        | 5%       | 5%       |    | 3%       |
| Hardware systems products                              | (38%)       | (27%)    | (24%)    | (12%)    | (26%)     | (18%)       | (7%)     | 8%       |    | (6%)     |
| <b>CONSTANT CURRENCY GROWTH RATES (2)</b>              |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | 1%          | 12%      | 1%       | 5%       | 5%        | (5%)        | 3%       | 3%       |    | 1%       |
| Hardware systems products                              | (30%)       | (25%)    | (24%)    | (11%)    | (23%)     | (20%)       | (8%)     | 8%       |    | (7%)     |
| <b>ASIA PACIFIC</b>                                    |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | \$ 357      | \$ 495   | \$ 437   | \$ 608   | \$ 1,897  | \$ 339      | \$ 410   | \$ 401   |    | \$ 1,151 |
| Hardware systems products                              | \$ 185      | \$ 166   | \$ 163   | \$ 182   | \$ 696    | \$ 157      | \$ 149   | \$ 159   |    | \$ 465   |
| <b>AS REPORTED GROWTH RATES</b>                        |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | 8%          | 13%      | (3%)     | (12%)    | (1%)      | (5%)        | (17%)    | (8%)     |    | (11%)    |
| Hardware systems products                              | (12%)       | (10%)    | (16%)    | (17%)    | (14%)     | (15%)       | (10%)    | (2%)     |    | (10%)    |
| <b>CONSTANT CURRENCY GROWTH RATES (2)</b>              |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | 12%         | 13%      | 1%       | (7%)     | 3%        | 5%          | (10%)    | (2%)     |    | (3%)     |
| Hardware systems products                              | (10%)       | (12%)    | (14%)    | (14%)    | (12%)     | (10%)       | (6%)     | 2%       |    | (5%)     |
| <b>TOTAL COMPANY</b>                                   |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | \$ 1,574    | \$ 2,389 | \$ 2,332 | \$ 4,026 | \$ 10,321 | \$ 1,653    | \$ 2,380 | \$ 2,415 |    | \$ 6,447 |
| Hardware systems products                              | \$ 779      | \$ 734   | \$ 671   | \$ 849   | \$ 3,033  | \$ 669      | \$ 714   | \$ 725   |    | \$ 2,108 |
| <b>AS REPORTED GROWTH RATES</b>                        |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | 5%          | 17%      | (2%)     | 1%       | 4%        | 5%          | 0%       | 4%       |    | 2%       |
| Hardware systems products                              | (24%)       | (23%)    | (23%)    | (13%)    | (21%)     | (14%)       | (3%)     | 8%       |    | (3%)     |
| <b>CONSTANT CURRENCY GROWTH RATES (2)</b>              |             |          |          |          |           |             |          |          |    |          |
| New software licenses and cloud software subscriptions | 10%         | 18%      | 0%       | 2%       | 6%        | 7%          | 1%       | 6%       |    | 4%       |
| Hardware systems products                              | (21%)       | (23%)    | (22%)    | (12%)    | (19%)     | (13%)       | (2%)     | 10%      |    | (2%)     |

(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, 2013 and 2012 for the fiscal 2014 and fiscal 2013 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

**ORACLE CORPORATION**  
**Q3 FISCAL 2014 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:

- New software licenses and cloud software subscriptions, 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 cloud software subscriptions contracts, software license updates and product support contracts and hardware systems support contracts assumed in connection with our acquisitions. Because these contracts are generally one year in duration, our GAAP revenues generally for the one year period subsequent to our acquisition of a business do not reflect the full amount of revenues on these assumed cloud software subscriptions contracts and support contracts that would have otherwise been recorded by the acquired entity. The non-GAAP adjustment to our new software licenses and cloud software subscriptions revenues, 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 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 cloud software subscriptions and hardware systems support contracts; however, we cannot be certain that our customers will renew our cloud software subscriptions contracts, 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 including adjustments after the measurement period has ended and certain other operating items, 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.