

ORACLE CORPORATION
Q1 FISCAL 2015 FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

	Three Months Ended August 31,				% Increase (Decrease) in US \$	% Increase (Decrease) in Constant Currency (1)
	2014	% of Revenues	2013	% of Revenues		
REVENUES						
New software licenses	\$ 1,370	16%	\$ 1,399	17%	(2%)	(2%)
Cloud software-as-a-service and platform-as-a-service	337	4%	254	3%	32%	32%
Cloud infrastructure-as-a-service	138	1%	109	1%	26%	25%
Software license updates and product support	4,731	55%	4,431	53%	7%	6%
Software and Cloud Revenues	6,576	76%	6,193	74%	6%	6%
Hardware systems products	578	7%	669	8%	(14%)	(14%)
Hardware systems support	587	7%	592	7%	(1%)	(2%)
Hardware Systems Revenues	1,165	14%	1,261	15%	(8%)	(8%)
Services Revenues	855	10%	918	11%	(7%)	(8%)
Total Revenues	8,596	100%	8,372	100%	3%	2%
OPERATING EXPENSES						
Sales and marketing	1,706	20%	1,620	19%	5%	5%
Cloud software-as-a-service and platform-as-a-service	149	2%	102	1%	47%	45%
Cloud infrastructure-as-a-service	79	1%	72	1%	10%	9%
Software license updates and product support	272	3%	288	3%	(5%)	(6%)
Hardware systems products	298	4%	330	4%	(10%)	(10%)
Hardware systems support	192	2%	209	3%	(8%)	(9%)
Services	691	8%	720	9%	(4%)	(5%)
Research and development	1,329	16%	1,237	15%	7%	7%
General and administrative	276	3%	260	3%	6%	5%
Amortization of intangible assets	547	6%	595	7%	(8%)	(8%)
Acquisition related and other	25	0%	10	0%	138%	134%
Restructuring	69	1%	56	1%	23%	21%
Total Operating Expenses	5,633	66%	5,499	66%	2%	2%
OPERATING INCOME	2,963	34%	2,873	34%	3%	2%
Interest expense	(261)	(3%)	(217)	(2%)	21%	21%
Non-operating income, net	16	0%	7	0%	144%	80%
INCOME BEFORE PROVISION FOR INCOME TAXES	2,718	31%	2,663	32%	2%	1%
Provision for income taxes	534	6%	472	6%	13%	12%
NET INCOME	\$ 2,184	25%	\$ 2,191	26%	0%	(1%)
EARNINGS PER SHARE:						
Basic	\$ 0.49		\$ 0.48			
Diluted	\$ 0.48		\$ 0.47			
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:						
Basic	4,451		4,608			
Diluted	4,548		4,674			

(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, 2014, 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, 2014 compared with the corresponding prior year period increased our revenues by 1 percentage point and operating income by 1 percentage point.

ORACLE CORPORATION
Q1 FISCAL 2015 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)	
	2014		2014		2013		2013			
	GAAP	Adj.	Non-GAAP		GAAP	Adj.	Non-GAAP		GAAP	Non-GAAP
TOTAL REVENUES (3) (4)	\$ 8,596	\$ 3	\$ 8,599		\$ 8,372	\$ 9	\$ 8,381		3%	3%
TOTAL SOFTWARE AND CLOUD REVENUES (3)	\$ 6,576	\$ 2	\$ 6,578		\$ 6,193	\$ 4	\$ 6,197		6%	6%
New software licenses	1,370	-	1,370		1,399	-	1,399		(2%)	(2%)
Cloud software-as-a-service and platform-as-a-service (3)	337	2	339		254	3	257		32%	32%
Cloud infrastructure-as-a-service	138	-	138		109	-	109		26%	26%
Software license updates and product support	4,731	-	4,731		4,431	1	4,432		7%	7%
TOTAL HARDWARE SYSTEMS REVENUES (4)	\$ 1,165	\$ 1	\$ 1,166		\$ 1,261	\$ 5	\$ 1,266		(8%)	(8%)
Hardware systems products	578	-	578		669	-	669		(14%)	(14%)
Hardware systems support (4)	587	1	588		592	5	597		(1%)	(2%)
TOTAL OPERATING EXPENSES	\$ 5,633	\$ (853)	\$ 4,780		\$ 5,499	\$ (859)	\$ 4,640		2%	3%
Stock-based compensation (5)	212	(212)	-		198	(198)	-		7%	*
Amortization of intangible assets (6)	547	(547)	-		595	(595)	-		(8%)	*
Acquisition related and other	25	(25)	-		10	(10)	-		138%	*
Restructuring	69	(69)	-		56	(56)	-		23%	*
OPERATING INCOME	\$ 2,963	\$ 856	\$ 3,819		\$ 2,873	\$ 868	\$ 3,741		3%	2%
OPERATING MARGIN %	34%		44%		34%		45%		15 bp.	(22) bp.
INCOME TAX EFFECTS (7)	\$ 534	\$ 234	\$ 768		\$ 472	\$ 298	\$ 770		13%	0%
NET INCOME	\$ 2,184	\$ 622	\$ 2,806		\$ 2,191	\$ 570	\$ 2,761		0%	2%
DILUTED EARNINGS PER SHARE	\$ 0.48		\$ 0.62		\$ 0.47		\$ 0.59		2%	4%
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	4,548	-	4,548		4,674	-	4,674		(3%)	(3%)

(1) This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. For a detailed explanation of the adjustments made to comparable GAAP measures, the reasons why management uses these measures, the usefulness of these measures and the material limitations on the usefulness of these measures, please see Appendix A.

(2) We compare the percent change in the results from one period to another period using constant currency disclosure. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the exchange rates in effect on May 31, 2014, 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, 2014, approximately \$1 million in estimated revenues related to assumed cloud software-as-a-service and platform-as-a-service contracts will not be recognized for the remainder of fiscal 2015 due to business combination accounting rules.

(4) As of August 31, 2014, approximately \$1 million in estimated revenues related to hardware systems support contracts will not be recognized for the remainder of fiscal 2015 due to business combination accounting rules.

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

	Three Months Ended August 31, 2014			Three Months Ended August 31, 2013		
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP
Sales and marketing	\$ 43	\$ (43)	\$ -	\$ 39	\$ (39)	\$ -
Cloud software-as-a-service and platform-as-a-service	2	(2)	-	2	(2)	-
Cloud infrastructure-as-a-service	1	(1)	-	1	(1)	-
Software license updates and product support	5	(5)	-	6	(6)	-
Hardware systems products	1	(1)	-	2	(2)	-
Hardware systems support	1	(1)	-	3	(3)	-
Services	6	(6)	-	6	(6)	-
Research and development	108	(108)	-	97	(97)	-
General and administrative	45	(45)	-	42	(42)	-
Subtotal	212	(212)	-	198	(198)	-
Acquisition related and other	3	(3)	-	2	(2)	-
Total stock-based compensation	\$ 215	\$ (215)	\$ -	\$ 200	\$ (200)	\$ -

(6) Estimated future annual amortization expense related to intangible assets as of August 31, 2014 was as follows:

Remainder of Fiscal 2015	\$ 1,395
Fiscal 2016	1,345
Fiscal 2017	749
Fiscal 2018	611
Fiscal 2019	511
Fiscal 2020	387
Thereafter	592
Total intangible assets subject to amortization	5,590
In-process research and development	15
Total intangible assets, net	\$ 5,605

(7) Income tax effects were calculated reflecting an effective GAAP tax rate of 19.7% and 17.7% in the first quarter of fiscal 2015 and 2014, respectively, and an effective non-GAAP tax rate of 21.5% and 21.8% in the first quarter of fiscal 2015 and 2014, respectively. The differences between our GAAP and non-GAAP tax rates in the first quarter of fiscal 2015 and 2014 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

Q1 FISCAL 2015 FINANCIAL RESULTS CONDENSED CONSOLIDATED BALANCE SHEETS (\$ in millions)

	August 31, 2014	May 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 24,179	\$ 17,769
Marketable securities	27,437	21,050
Trade receivables, net	3,551	6,087
Inventories	179	189
Deferred tax assets	833	914
Prepaid expenses and other current assets	2,015	2,129
Total Current Assets	58,194	48,138
Non-Current Assets:		
Property, plant and equipment, net	3,086	3,061
Intangible assets, net	5,605	6,137
Goodwill	29,707	29,652
Deferred tax assets	916	837
Other assets	2,218	2,519
Total Non-Current Assets	41,532	42,206
TOTAL ASSETS	\$ 99,726	\$ 90,344
LIABILITIES AND EQUITY		
Current Liabilities:		
Notes payable, current and other current borrowings	\$ -	\$ 1,508
Accounts payable	423	471
Accrued compensation and related benefits	1,491	1,940
Income taxes payable	425	416
Deferred revenues	8,939	7,269
Other current liabilities	2,099	2,785
Total Current Liabilities	13,377	14,389
Non-Current Liabilities:		
Notes payable and other non-current borrowings	32,567	22,667
Income taxes payable	4,148	4,184
Other non-current liabilities	1,703	1,657
Total Non-Current Liabilities	38,418	28,508
Equity	47,931	47,447
TOTAL LIABILITIES AND EQUITY	\$ 99,726	\$ 90,344

ORACLE CORPORATION

Q1 FISCAL 2015 FINANCIAL RESULTS CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (\$ in millions)

	Three Months Ended August 31,	
	2014	2013
Cash Flows From Operating Activities:		
Net income	\$ 2,184	\$ 2,191
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	160	150
Amortization of intangible assets	547	595
Deferred income taxes	(68)	(101)
Stock-based compensation	215	200
Tax benefits on the exercise of stock options and vesting of restricted stock-based awards	96	67
Excess tax benefits on the exercise of stock options and vesting of restricted stock-based awards	(51)	(40)
Other, net	46	17
Changes in operating assets and liabilities, net of effects from acquisitions:		
Decrease in trade receivables, net	2,506	2,707
Decrease in inventories	10	5
Decrease in prepaid expenses and other assets	275	366
Decrease in accounts payable and other liabilities	(1,088)	(994)
Increase (decrease) in income taxes payable	80	(313)
Increase in deferred revenues	1,816	1,442
Net cash provided by operating activities	6,728	6,292
Cash Flows From Investing Activities:		
Purchases of marketable securities and other investments	(10,340)	(8,549)
Proceeds from maturities and sales of marketable securities and other investments	3,878	6,515
Acquisitions, net of cash acquired	(37)	(1,314)
Capital expenditures	(201)	(153)
Net cash used for investing activities	(6,700)	(3,501)
Cash Flows From Financing Activities:		
Payments for repurchases of common stock	(2,000)	(2,968)
Proceeds from issuances of common stock	588	285
Payments of dividends to stockholders	(537)	(554)
Proceeds from borrowings, net of issuance costs	9,945	5,566
Repayments of borrowings	(1,500)	-
Excess tax benefits on the exercise of stock options and vesting of restricted stock-based awards	51	40
Distributions to noncontrolling interests	(27)	(28)
Net cash provided by financing activities	6,520	2,341
Effect of exchange rate changes on cash and cash equivalents	(138)	(81)
Net increase in cash and cash equivalents	6,410	5,051
Cash and cash equivalents at beginning of period	17,769	14,613
Cash and cash equivalents at end of period	\$ 24,179	\$ 19,664

ORACLE CORPORATION
Q1 FISCAL 2015 FINANCIAL RESULTS
FREE CASH FLOW - TRAILING 4-QUARTERS (1)
(\$ in millions)

	Fiscal 2014				Fiscal 2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP Operating Cash Flow	\$ 14,845	\$ 15,196	\$ 15,029	\$ 14,921	\$ 15,357			
Capital Expenditures (2)	(664)	(578)	(609)	(580)	(628)			
Free Cash Flow	\$ 14,181	\$ 14,618	\$ 14,420	\$ 14,341	\$ 14,729			
% Growth over prior year	6%	14%	11%	6%	4%			
GAAP Net Income	\$ 11,082	\$ 11,054	\$ 11,115	\$ 10,955	\$ 10,948			
Free Cash Flow as a % of Net Income	128%	132%	130%	131%	135%			

(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
Q1 FISCAL 2015 FINANCIAL RESULTS
SUPPLEMENTAL ANALYSIS OF GAAP REVENUES AND HEADCOUNT (1)
(\$ in millions)

	Fiscal 2014					Fiscal 2015				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
REVENUES										
New software licenses	\$ 1,399	\$ 2,121	\$ 2,128	\$ 3,769	\$ 9,416	\$ 1,370				\$ 1,370
Cloud software-as-a-service and platform-as-a-service	254	259	287	322	1,121	337				337
Cloud infrastructure-as-a-service	109	97	121	128	456	138				138
Software license updates and product support	4,431	4,516	4,564	4,695	18,206	4,731				4,731
Software and Cloud Revenues	6,193	6,993	7,100	8,914	29,199	6,576				6,576
Hardware systems products	669	714	725	870	2,976	578				578
Hardware systems support	592	609	598	596	2,396	587				587
Hardware Systems Revenues	1,261	1,323	1,323	1,466	5,372	1,165				1,165
Services Revenues	918	959	884	940	3,704	855				855
Total Revenues	\$ 8,372	\$ 9,275	\$ 9,307	\$ 11,320	\$ 38,275	\$ 8,596				\$ 8,596
AS REPORTED REVENUE GROWTH RATES										
New software licenses	2%	(2%)	1%	0%	0%	(2%)				(2%)
Cloud software-as-a-service and platform-as-a-service	25%	19%	24%	25%	23%	32%				32%
Cloud infrastructure-as-a-service	(9%)	(15%)	10%	13%	0%	26%				26%
Software license updates and product support	7%	6%	5%	7%	6%	7%				7%
Software and Cloud Revenues	6%	3%	5%	4%	5%	6%				6%
Hardware systems products	(14%)	(3%)	8%	2%	(2%)	(14%)				(14%)
Hardware systems support	3%	4%	5%	2%	4%	(1%)				(1%)
Hardware Systems Revenues	(7%)	0%	7%	2%	0%	(8%)				(8%)
Services Revenues	(8%)	(5%)	(5%)	(4%)	(5%)	(7%)				(7%)
Total Revenues	2%	2%	4%	3%	3%	3%				3%
CONSTANT CURRENCY GROWTH RATES (2)										
New software licenses	5%	0%	3%	(1%)	1%	(2%)				(2%)
Cloud software-as-a-service and platform-as-a-service	26%	20%	25%	25%	24%	32%				32%
Cloud infrastructure-as-a-service	(7%)	(14%)	11%	13%	1%	25%				25%
Software license updates and product support	8%	7%	7%	6%	7%	6%				6%
Software and Cloud Revenues	8%	5%	6%	4%	5%	6%				6%
Hardware systems products	(13%)	(2%)	10%	3%	(1%)	(14%)				(14%)
Hardware systems support	5%	5%	7%	2%	5%	(2%)				(2%)
Hardware Systems Revenues	(6%)	1%	9%	3%	2%	(8%)				(8%)
Services Revenues	(6%)	(3%)	(3%)	(3%)	(4%)	(8%)				(8%)
Total Revenues	4%	3%	6%	3%	4%	2%				2%
GEOGRAPHIC REVENUES										
REVENUES										
Americas	\$ 4,517	\$ 4,995	\$ 4,953	\$ 5,857	\$ 20,323	\$ 4,620				\$ 4,620
Europe, Middle East & Africa	2,439	2,817	2,923	3,768	11,946	2,589				2,589
Asia Pacific	1,416	1,463	1,431	1,695	6,006	1,387				1,387
Total Revenues	\$ 8,372	\$ 9,275	\$ 9,307	\$ 11,320	\$ 38,275	\$ 8,596				\$ 8,596
HEADCOUNT										
GEOGRAPHIC AREA										
Americas	53,465	53,073	53,799	53,827		54,073				
Europe, Middle East & Africa	23,349	23,178	23,350	23,339		23,349				
Asia Pacific	45,513	45,617	45,561	45,108		45,496				
Total Company	122,327	121,868	122,710	122,274		122,918				

(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, 2014 and 2013 for the fiscal 2015 and fiscal 2014 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q1 FISCAL 2015 FINANCIAL RESULTS
SUPPLEMENTAL GEOGRAPHIC REVENUES ANALYSIS (1)
(\$ in millions)

	Fiscal 2014					Fiscal 2015				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
AMERICAS										
Software and cloud revenues	\$ 3,434	\$ 3,808	\$ 3,847	\$ 4,649	\$ 15,737	\$ 3,614				\$ 3,614
Hardware systems revenues	\$ 640	\$ 694	\$ 655	\$ 747	\$ 2,736	\$ 583				\$ 583
AS REPORTED GROWTH RATES										
Software and cloud revenues	9%	5%	5%	(1%)	4%	5%				5%
Hardware systems revenues	(2%)	7%	14%	3%	5%	(9%)				(9%)
CONSTANT CURRENCY GROWTH RATES (2)										
Software and cloud revenues	9%	6%	7%	1%	5%	6%				6%
Hardware systems revenues	(1%)	8%	16%	5%	6%	(8%)				(8%)
EUROPE / MIDDLE EAST / AFRICA										
Software and cloud revenues	\$ 1,816	\$ 2,155	\$ 2,245	\$ 3,032	\$ 9,249	\$ 1,992				\$ 1,992
Hardware systems revenues	\$ 358	\$ 372	\$ 403	\$ 440	\$ 1,572	\$ 338				\$ 338
AS REPORTED GROWTH RATES										
Software and cloud revenues	7%	8%	8%	15%	10%	10%				10%
Hardware systems revenues	(11%)	(5%)	3%	7%	(1%)	(6%)				(6%)
CONSTANT CURRENCY GROWTH RATES (2)										
Software and cloud revenues	4%	6%	6%	10%	7%	7%				7%
Hardware systems revenues	(13%)	(6%)	2%	3%	(3%)	(7%)				(7%)
ASIA PACIFIC										
Software and cloud revenues	\$ 943	\$ 1,030	\$ 1,008	\$ 1,233	\$ 4,213	\$ 970				\$ 970
Hardware systems revenues	\$ 263	\$ 257	\$ 265	\$ 279	\$ 1,064	\$ 244				\$ 244
AS REPORTED GROWTH RATES										
Software and cloud revenues	(3%)	(9%)	(5%)	0%	(4%)	3%				3%
Hardware systems revenues	(12%)	(9%)	(3%)	(4%)	(7%)	(8%)				(8%)
CONSTANT CURRENCY GROWTH RATES (2)										
Software and cloud revenues	8%	0%	3%	3%	3%	2%				2%
Hardware systems revenues	(5%)	(3%)	3%	(3%)	(2%)	(8%)				(8%)
TOTAL COMPANY										
Software and cloud revenues	\$ 6,193	\$ 6,993	\$ 7,100	\$ 8,914	\$ 29,199	\$ 6,576				\$ 6,576
Hardware systems revenues	\$ 1,261	\$ 1,323	\$ 1,323	\$ 1,466	\$ 5,372	\$ 1,165				\$ 1,165
AS REPORTED GROWTH RATES										
Software and cloud revenues	6%	3%	5%	4%	5%	6%				6%
Hardware systems revenues	(7%)	0%	7%	2%	0%	(8%)				(8%)
CONSTANT CURRENCY GROWTH RATES (2)										
Software and cloud revenues	8%	5%	6%	4%	5%	6%				6%
Hardware systems revenues	(6%)	1%	9%	3%	2%	(8%)				(8%)

(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, 2014 and 2013 for the fiscal 2015 and fiscal 2014 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q1 FISCAL 2015 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:

- Cloud software-as-a-service and platform-as-a-service, 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-as-a-service and platform-as-a-service 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 and support contracts that would have otherwise been recorded by the acquired entity. The non-GAAP adjustment to our cloud software-as-a-service and platform-as-a-service 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-as-a-service and platform-as-a-service and hardware systems support contracts; however, we cannot be certain that our customers will renew our cloud software-as-a-service and platform-as-a-service 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.