



For Immediate Release

Contact:	Ken Bond	Deborah Hellinger
	Oracle Investor Relations	Oracle Corporate Communications
	1.650.607.0349	1.212.508.7935
	ken.bond@oracle.com	deborah.hellinger@oracle.com

Q2 FY20 GAAP EPS UP 14% TO \$0.69 and NON-GAAP EPS UP 12% TO \$0.90
Fusion ERP Cloud Revenue Up 37%; Autonomous Database Cloud Revenue Up >100%

REDWOOD SHORES, Calif., December 12, 2019 -- Oracle Corporation (NYSE: ORCL) today announced fiscal 2020 Q2 results. Total Revenues were \$9.6 billion, up 1% in USD and in constant currency compared to Q2 last year. Cloud Services and License Support revenues were \$6.8 billion, while Cloud License and On-Premise License revenues were \$1.1 billion.

GAAP Operating Income was up 3% to \$3.2 billion, and GAAP Operating Margin was 33%. Non-GAAP Operating Income was \$4.0 billion, and non-GAAP Operating Margin was 42%. GAAP Net Income was \$2.3 billion, and non-GAAP Net Income was \$3.0 billion. GAAP Earnings Per Share was up 14% to \$0.69, while non-GAAP Earnings Per Share was up 12% to \$0.90.

Short-term deferred revenues were \$8.1 billion. Operating Cash Flow was \$13.8 billion during the trailing twelve months.

"We had another strong quarter in our Fusion and NetSuite cloud applications businesses with Fusion ERP revenues growing 37% and NetSuite ERP revenues growing 29%," said Oracle CEO, Safra Catz. "This consistent rapid growth in the now multibillion dollar ERP segment of our cloud applications business has enabled Oracle to deliver a double-digit EPS growth rate year-after-year. I fully expect we will do that again this year."

"It's still early days, but the Oracle Autonomous Database already has thousands of customers running in our Gen2 Public Cloud," said Oracle CTO, Larry Ellison. "Currently, our Autonomous Database running in our Public Cloud business is growing at a rate of over 100%. We expect that growth rate to increase dramatically as we release our Autonomous Database running

on our Gen2 Cloud@Customer into our huge on-premise installed base over the next several months.”

The Board of Directors also declared a quarterly cash dividend of \$0.24 per share of outstanding common stock. This dividend will be paid to stockholders of record as of the close of business on January 9, 2020, with a payment date of January 23, 2020.

Q2 Fiscal 2020 Earnings Conference Call and Webcast

Oracle will hold a conference call and webcast today to discuss these results at 2:00 p.m. Pacific. You may listen to the call by dialing (816) 287-5563, Passcode: 425392. To access the live webcast, please visit the Oracle Investor Relations website at <http://www.oracle.com/investor>. In addition, Oracle’s Q2 results and fiscal 2020 financial tables are available on the Oracle Investor Relations website.

A replay of the conference call will also be available by dialing (855) 859-2056 or (404) 537-3406, Passcode: 4597628.

About Oracle

The Oracle Cloud offers a complete suite of integrated applications for Sales, Service, Marketing, Human Resources, Finance, Supply Chain and Manufacturing, plus Highly-Automated and Secure Generation 2 Infrastructure featuring the Oracle Autonomous Database. For more information about Oracle (NYSE:ORCL), visit us at www.oracle.com or contact Investor Relations at investor_us@oracle.com or (650) 506-4073.

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"Safe Harbor" Statement: Statements in this press release relating to Oracle's future plans, expectations, beliefs, intentions and prospects, including statements regarding the growth of our earnings per share and our Autonomous Database business, are "forward-looking statements" and are subject to material risks and uncertainties. Many factors could affect our current expectations and our actual results, and could cause actual results to differ materially. We presently consider the

following to be among the important factors that could cause actual results to differ materially from expectations: (1) Our success depends upon our ability to develop new products and services, integrate acquired products and services and enhance our existing products and services. (2) Our cloud strategy, including our Oracle Software-as-a-Service and Infrastructure-as-a-Service offerings, may adversely affect our revenues and profitability. (3) We might experience significant coding, manufacturing or configuration errors in our cloud, license and hardware offerings. (4) If the security measures for our products and services are compromised and as a result, our customers' data or our IT systems are accessed improperly, made unavailable, or improperly modified, our products and services may be perceived as vulnerable, our brand and reputation could be damaged, the IT services we provide to our customers could be disrupted, and customers may stop using our products and services, all of which could reduce our revenue and earnings, increase our expenses and expose us to legal claims and regulatory actions. (5) Our business practices with respect to data could give rise to operational interruption, liabilities or reputational harm as a result of governmental regulation, legal requirements or industry standards relating to consumer privacy and data protection. (6) Economic, political and market conditions can adversely affect our business, results of operations and financial condition, including our revenue growth and profitability, which in turn could adversely affect our stock price. (7) Our international sales and operations subject us to additional risks that can adversely affect our operating results. (8) Acquisitions present many risks and we may not achieve the financial and strategic goals that were contemplated at the time of a transaction. A detailed discussion of these factors and other risks that affect our business is contained in our SEC filings, including our most recent reports on Form 10-K and Form 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available online from the SEC or by contacting Oracle Corporation's Investor Relations Department at (650) 506-4073 or by clicking on SEC Filings on Oracle's Investor Relations website at <http://www.oracle.com/investor>. All information set forth in this press release is current as of December 12, 2019. Oracle undertakes no duty to update any statement in light of new information or future events.

ORACLE CORPORATION
Q2 FISCAL 2020 FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

	Three Months Ended November 30,				% Increase (Decrease) in US \$	% Increase (Decrease) in Constant Currency (1)
	2019	% of Revenues	2018	% of Revenues		
REVENUES						
Cloud services and license support	\$ 6,811	71%	\$ 6,637	69%	3%	4%
Cloud license and on-premise license	1,126	12%	1,217	13%	(7%)	(7%)
Hardware	871	9%	891	9%	(2%)	(1%)
Services	806	8%	817	9%	(1%)	0%
Total revenues	9,614	100%	9,562	100%	1%	1%
OPERATING EXPENSES						
Cloud services and license support	1,022	11%	956	10%	7%	8%
Hardware	285	3%	332	4%	(14%)	(13%)
Services	741	8%	713	8%	4%	5%
Sales and marketing	2,068	22%	2,101	22%	(2%)	(1%)
Research and development	1,531	16%	1,475	15%	4%	4%
General and administrative	323	3%	299	3%	8%	9%
Amortization of intangible assets	407	4%	424	5%	(4%)	(4%)
Acquisition related and other	12	0%	18	0%	(33%)	(32%)
Restructuring	42	0%	143	1%	(71%)	(70%)
Total operating expenses	6,431	67%	6,461	68%	0%	0%
OPERATING INCOME	3,183	33%	3,101	32%	3%	4%
Interest expense	(465)	(5%)	(519)	(5%)	(10%)	(10%)
Non-operating income, net	92	1%	192	2%	(52%)	(52%)
INCOME BEFORE PROVISION FOR INCOME TAXES	2,810	29%	2,774	29%	1%	3%
Provision for income taxes	499	5%	441	5%	13%	13%
NET INCOME	\$ 2,311	24%	\$ 2,333	24%	(1%)	1%
EARNINGS PER SHARE:						
Basic	\$ 0.71		\$ 0.63			
Diluted	\$ 0.69		\$ 0.61			
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:						
Basic	3,245		3,720			
Diluted	3,331		3,817			

(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, 2019, 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 November 30, 2019 compared with the corresponding prior year period decreased our operating income by 1 percentage point.

ORACLE CORPORATION
Q2 FISCAL 2020 FINANCIAL RESULTS
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)
(\$ in millions, except per share data)

	Three Months Ended November 30,						% Increase (Decrease) in US \$		% Increase (Decrease) in Constant Currency (2)	
	2019 GAAP	Adj.	2019 Non-GAAP	2018 GAAP	Adj.	2018 Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
TOTAL REVENUES	\$ 9,614	\$ 1	\$ 9,615	\$ 9,562	\$ 5	\$ 9,567	1%	1%	1%	1%
Cloud services and license support	6,811	1	6,812	6,637	5	6,642	3%	3%	4%	3%
TOTAL OPERATING EXPENSES	\$ 6,431	\$ (858)	\$ 5,573	\$ 6,461	\$ (981)	\$ 5,480	0%	2%	0%	2%
Stock-based compensation (3)	397	(397)	-	396	(396)	-	0%	*	0%	*
Amortization of intangible assets (4)	407	(407)	-	424	(424)	-	(4%)	*	(4%)	*
Acquisition related and other	12	(12)	-	18	(18)	-	(33%)	*	(32%)	*
Restructuring	42	(42)	-	143	(143)	-	(71%)	*	(70%)	*
OPERATING INCOME	\$ 3,183	\$ 859	\$ 4,042	\$ 3,101	\$ 986	\$ 4,087	3%	(1%)	4%	0%
OPERATING MARGIN %	33%		42%	32%		43%	68 bp.	(68) bp.	78 bp.	(63) bp.
INCOME TAX EFFECTS (5)	\$ 499	\$ 189	\$ 688	\$ 441	\$ 258	\$ 699	13%	(2%)	13%	(1%)
NET INCOME	\$ 2,311	\$ 670	\$ 2,981	\$ 2,333	\$ 728	\$ 3,061	(1%)	(3%)	1%	(2%)
DILUTED EARNINGS PER SHARE	\$ 0.69		\$ 0.90	\$ 0.61		\$ 0.80	14%	12%	15%	13%
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	3,331	-	3,331	3,817	-	3,817	(13%)	(13%)	(13%)	(13%)

(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, 2019, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods.

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

	Three Months Ended November 30, 2019			Three Months Ended November 30, 2018		
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP
Cloud services and license support	\$ 30	\$ (30)	\$ -	\$ 24	\$ (24)	\$ -
Hardware	3	(3)	-	2	(2)	-
Services	14	(14)	-	12	(12)	-
Sales and marketing	37	(37)	-	93	(93)	-
Research and development	272	(272)	-	222	(222)	-
General and administrative	41	(41)	-	43	(43)	-
Total stock-based compensation	<u>\$ 397</u>	<u>\$ (397)</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ (396)</u>	<u>\$ -</u>

(4) Estimated future annual amortization expense related to intangible assets as of November 30, 2019 was as follows:

Remainder of fiscal 2020	\$ 766
Fiscal 2021	1,347
Fiscal 2022	1,098
Fiscal 2023	675
Fiscal 2024	445
Fiscal 2025	126
Thereafter	35
Total intangible assets, net	<u>\$ 4,492</u>

(5) Income tax effects were calculated reflecting an effective GAAP tax rate of 17.7% and 15.9% in the second quarter of fiscal 2020 and 2019, respectively, and an effective non-GAAP tax rate of 18.8% and 18.6% in the second quarter of fiscal 2020 and 2019, respectively. The difference in our GAAP and non-GAAP tax rates in the second quarter of fiscal 2020 and 2019 was primarily due to the net tax effects on stock-based compensation expense and acquisition related items, including the tax effects of amortization of intangible assets.

* Not meaningful

ORACLE CORPORATION

Q2 FISCAL 2020 YEAR TO DATE FINANCIAL RESULTS CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (\$ in millions, except per share data)

	Six Months Ended November 30,				% Increase (Decrease) in US \$	% Increase (Decrease) in Constant Currency (1)
	2019	% of Revenues	2018	% of Revenues		
REVENUES						
Cloud services and license support	\$ 13,616	73%	\$ 13,246	71%	3%	4%
Cloud license and on-premise license	1,937	10%	2,083	11%	(7%)	(6%)
Hardware	1,686	9%	1,796	9%	(6%)	(5%)
Services	1,593	8%	1,630	9%	(2%)	(1%)
Total revenues	18,832	100%	18,755	100%	0%	1%
OPERATING EXPENSES						
Cloud services and license support	2,003	11%	1,870	10%	7%	8%
Hardware	557	3%	658	4%	(15%)	(14%)
Services	1,445	8%	1,428	8%	1%	2%
Sales and marketing	4,086	22%	4,140	22%	(1%)	0%
Research and development	3,088	16%	3,039	16%	2%	2%
General and administrative	615	3%	619	3%	(1%)	0%
Amortization of intangible assets	821	4%	858	5%	(4%)	(4%)
Acquisition related and other	37	0%	32	0%	16%	16%
Restructuring	120	1%	233	1%	(48%)	(47%)
Total operating expenses	12,772	68%	12,877	69%	(1%)	0%
OPERATING INCOME	6,060	32%	5,878	31%	3%	5%
Interest expense	(959)	(5%)	(1,048)	(6%)	(8%)	(8%)
Non-operating income, net	191	1%	484	3%	(60%)	(60%)
INCOME BEFORE PROVISION FOR INCOME TAXES	5,292	28%	5,314	28%	0%	1%
Provision for income taxes	844	4%	716	4%	18%	17%
NET INCOME	\$ 4,448	24%	\$ 4,598	24%	(3%)	(1%)
EARNINGS PER SHARE:						
Basic	\$ 1.36		\$ 1.21			
Diluted	\$ 1.32		\$ 1.18			
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:						
Basic	3,281		3,812			
Diluted	3,370		3,908			

(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, 2019, 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 six months ended November 30, 2019 compared with the corresponding prior year period decreased our revenues by 1 percentage point, operating expenses by 1 percentage point and operating income by 2 percentage points.

ORACLE CORPORATION
Q2 FISCAL 2020 YEAR TO DATE FINANCIAL RESULTS
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)
(\$ in millions, except per share data)

	Six Months Ended November 30,						% Increase (Decrease) in US \$		% Increase (Decrease) in Constant Currency (2)	
	2019 GAAP	Adj.	2019 Non-GAAP	2018 GAAP	Adj.	2018 Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
TOTAL REVENUES	\$ 18,832	\$ 3	\$ 18,835	\$ 18,755	\$ 13	\$ 18,768	0%	0%	1%	1%
Cloud services and license support	13,616	3	13,619	13,246	13	13,259	3%	3%	4%	4%
TOTAL OPERATING EXPENSES	\$ 12,772	\$ (1,821)	\$ 10,951	\$ 12,877	\$ (1,955)	\$ 10,922	(1%)	0%	0%	1%
Stock-based compensation (3)	843	(843)	-	832	(832)	-	1%	*	1%	*
Amortization of intangible assets (4)	821	(821)	-	858	(858)	-	(4%)	*	(4%)	*
Acquisition related and other	37	(37)	-	32	(32)	-	16%	*	16%	*
Restructuring	120	(120)	-	233	(233)	-	(48%)	*	(47%)	*
OPERATING INCOME	\$ 6,060	\$ 1,824	\$ 7,884	\$ 5,878	\$ 1,968	\$ 7,846	3%	0%	5%	2%
OPERATING MARGIN %	32%		42%	31%		42%	83 bp.	5 bp.	98 bp.	11 bp.
INCOME TAX EFFECTS (5)	\$ 844	\$ 528	\$ 1,372	\$ 716	\$ 656	\$ 1,372	18%	0%	17%	1%
NET INCOME	\$ 4,448	\$ 1,296	\$ 5,744	\$ 4,598	\$ 1,312	\$ 5,910	(3%)	(3%)	(1%)	(2%)
DILUTED EARNINGS PER SHARE	\$ 1.32		\$ 1.70	\$ 1.18		\$ 1.51	12%	13%	14%	14%
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	3,370	-	3,370	3,908	-	3,908	(14%)	(14%)	(14%)	(14%)

(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, 2019, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods.

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

	Six Months Ended November 30, 2019			Six Months Ended November 30, 2018		
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP
Cloud services and license support	\$ 61	\$ (61)	\$ -	\$ 48	\$ (48)	\$ -
Hardware	6	(6)	-	5	(5)	-
Services	28	(28)	-	25	(25)	-
Sales and marketing	125	(125)	-	188	(188)	-
Research and development	543	(543)	-	479	(479)	-
General and administrative	80	(80)	-	87	(87)	-
Total stock-based compensation	\$ 843	\$ (843)	\$ -	\$ 832	\$ (832)	\$ -

(4) Estimated future annual amortization expense related to intangible assets as of November 30, 2019 was as follows:

Remainder of fiscal 2020	\$ 766
Fiscal 2021	1,347
Fiscal 2022	1,098
Fiscal 2023	675
Fiscal 2024	445
Fiscal 2025	126
Thereafter	35
Total intangible assets, net	<u>\$ 4,492</u>

(5) Income tax effects were calculated reflecting an effective GAAP tax rate of 16.0% and 13.5% in the first half of fiscal 2020 and 2019, respectively, and an effective non-GAAP tax rate of 19.3% and 18.8% in the first half of fiscal 2020 and 2019, respectively. The difference between our GAAP and non-GAAP tax rates in the first half of fiscal 2020 was primarily due to the net tax effects on stock-based compensation expense and acquisition related items, including the tax effects of amortization of intangible assets. The difference between our GAAP and non-GAAP tax rates in the first half of fiscal 2019 was primarily due to adjustments in our estimates for the one-time effects of the U.S. Tax Cuts and Jobs Act of 2017 (refer to Appendix A for additional information), the net tax effects on stock-based compensation expense, and acquisition related items, including the tax effects of amortization of intangible assets.

* Not meaningful

ORACLE CORPORATION
Q2 FISCAL 2020 FINANCIAL RESULTS
CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in millions)

	November 30, 2019	May 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 24,540	\$ 20,514
Marketable securities	2,904	17,313
Trade receivables, net	4,050	5,134
Prepaid expenses and other current assets	3,046	3,425
Total Current Assets	34,540	46,386
Non-Current Assets:		
Property, plant and equipment, net	6,270	6,252
Intangible assets, net	4,492	5,279
Goodwill, net	43,810	43,779
Deferred tax assets	2,751	2,696
Other non-current assets	6,580	4,317
Total Non-Current Assets	63,903	62,323
TOTAL ASSETS	\$ 98,443	\$ 108,709
LIABILITIES AND EQUITY		
Current Liabilities:		
Notes payable, current	\$ 999	\$ 4,494
Accounts payable	534	580
Accrued compensation and related benefits	1,312	1,628
Deferred revenues	8,087	8,374
Other current liabilities	3,660	3,554
Total Current Liabilities	14,592	18,630
Non-Current Liabilities:		
Notes payable and other borrowings, non-current	50,670	51,673
Income taxes payable	13,042	13,295
Other non-current liabilities	3,954	2,748
Total Non-Current Liabilities	67,666	67,716
Equity	16,185	22,363
TOTAL LIABILITIES AND EQUITY	\$ 98,443	\$ 108,709

ORACLE CORPORATION
Q2 FISCAL 2020 FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(\$ in millions)

	Six Months Ended November 30,	
	2019	2018
Cash Flows From Operating Activities:		
Net income	\$ 4,448	\$ 4,598
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	677	566
Amortization of intangible assets	821	858
Deferred income taxes	(263)	(228)
Stock-based compensation	843	832
Other, net	117	118
Changes in operating assets and liabilities, net of effects from acquisitions:		
Decrease in trade receivables, net	1,079	1,116
Decrease in prepaid expenses and other assets	638	327
Decrease in accounts payable and other liabilities	(916)	(364)
Decrease in income taxes payable	(613)	(679)
(Decrease) increase in deferred revenues	(318)	124
Net cash provided by operating activities	6,513	7,268
Cash Flows From Investing Activities:		
Purchases of marketable securities and other investments	(314)	(1,278)
Proceeds from maturities of marketable securities and other investments	2,204	6,737
Proceeds from sales of marketable securities	12,575	1,110
Acquisitions, net of cash acquired	(111)	(313)
Capital expenditures	(735)	(804)
Net cash provided by investing activities	13,619	5,452
Cash Flows From Financing Activities:		
Payments for repurchases of common stock	(9,996)	(19,924)
Proceeds from issuances of common stock	617	1,018
Shares repurchased for tax withholdings upon vesting of restricted stock-based awards	(559)	(417)
Payments of dividends to stockholders	(1,562)	(1,456)
Repayments of borrowings	(4,500)	(2,500)
Other, net	(96)	(77)
Net cash used for financing activities	(16,096)	(23,356)
Effect of exchange rate changes on cash and cash equivalents	(10)	(160)
Net increase (decrease) in cash and cash equivalents	4,026	(10,796)
Cash and cash equivalents at beginning of period	20,514	21,620
Cash and cash equivalents at end of period	\$ 24,540	\$ 10,824

ORACLE CORPORATION
Q2 FISCAL 2020 FINANCIAL RESULTS
FREE CASH FLOW - TRAILING 4-QUARTERS (1)
(\$ in millions)

	Fiscal 2019				Fiscal 2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP Operating Cash Flow	\$ 15,542	\$ 15,238	\$ 14,789	\$ 14,551	\$ 13,829	\$ 13,796		
Capital Expenditures	(1,646)	(1,468)	(1,625)	(1,660)	(1,663)	(1,591)		
Free Cash Flow	\$ 13,896	\$ 13,770	\$ 13,164	\$ 12,891	\$ 12,166	\$ 12,205		
% Growth over prior year	10%	10%	(1%)	(6%)	(12%)	(11%)		
GAAP Net Income	\$ 3,708	\$ 3,827	\$ 10,619	\$ 11,083	\$ 10,955	\$ 10,933		
Free Cash Flow as a % of Net Income	375%	360%	124%	116%	111%	112%		

(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.

ORACLE CORPORATION
Q2 FISCAL 2020 FINANCIAL RESULTS
SUPPLEMENTAL ANALYSIS OF GAAP REVENUES (1)
(\$ in millions)

	Fiscal 2019					Fiscal 2020				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
REVENUES BY OFFERINGS										
Cloud services and license support	\$ 6,609	\$ 6,637	\$ 6,662	\$ 6,799	\$ 26,707	\$ 6,805	\$ 6,811			\$ 13,616
Cloud license and on-premise license	867	1,217	1,251	2,520	5,855	812	1,126			1,937
Hardware	904	891	915	994	3,704	815	871			1,686
Services	813	817	786	823	3,240	786	806			1,593
Total revenues	\$ 9,193	\$ 9,562	\$ 9,614	\$ 11,136	\$ 39,506	\$ 9,218	\$ 9,614			\$ 18,832
AS REPORTED REVENUE GROWTH RATES										
Cloud services and license support	3%	3%	1%	0%	2%	3%	3%			3%
Cloud license and on-premise license	(3%)	(9%)	(4%)	12%	1%	(6%)	(7%)			(7%)
Hardware	(4%)	(5%)	(8%)	(11%)	(7%)	(10%)	(2%)			(6%)
Services	(5%)	(5%)	(1%)	(7%)	(5%)	(3%)	(1%)			(2%)
Total revenues	1%	0%	(1%)	1%	0%	0%	1%			0%
CONSTANT CURRENCY GROWTH RATES (2)										
Cloud services and license support	4%	5%	4%	3%	4%	4%	4%			4%
Cloud license and on-premise license	0%	(6%)	0%	15%	4%	(6%)	(7%)			(6%)
Hardware	(3%)	(3%)	(4%)	(8%)	(5%)	(9%)	(1%)			(5%)
Services	(4%)	(2%)	3%	(4%)	(2%)	(2%)	0%			(1%)
Total revenues	2%	2%	3%	4%	3%	2%	1%			1%
CLOUD AND LICENSE REVENUES BY ECOSYSTEM (3)										
Applications revenues	\$ 2,761	\$ 2,808	\$ 2,841	\$ 3,081	\$ 11,491	\$ 2,821	\$ 2,909			\$ 5,730
Infrastructure revenues	4,715	5,046	5,072	6,238	21,071	4,796	5,028			9,823
Total cloud and license revenues	\$ 7,476	\$ 7,854	\$ 7,913	\$ 9,319	\$ 32,562	\$ 7,617	\$ 7,937			\$ 15,553
AS REPORTED REVENUE GROWTH RATES										
Applications revenues	6%	5%	5%	2%	4%	2%	4%			3%
Infrastructure revenues	1%	(2%)	(2%)	4%	0%	2%	0%			1%
Total cloud and license revenues	2%	1%	0%	3%	2%	2%	1%			1%
CONSTANT CURRENCY GROWTH RATES (2)										
Applications revenues	7%	7%	7%	4%	6%	3%	4%			4%
Infrastructure revenues	2%	1%	2%	7%	3%	3%	1%			2%
Total cloud and license revenues	4%	3%	3%	6%	4%	3%	2%			3%
GEOGRAPHIC REVENUES										
Americas	\$ 5,161	\$ 5,243	\$ 5,266	\$ 6,184	\$ 21,856	\$ 5,150	\$ 5,304			\$ 10,454
Europe/Middle East/Africa	2,576	2,782	2,781	3,132	11,270	2,553	2,695			5,248
Asia Pacific	1,456	1,537	1,567	1,820	6,380	1,515	1,615			3,130
Total revenues	\$ 9,193	\$ 9,562	\$ 9,614	\$ 11,136	\$ 39,506	\$ 9,218	\$ 9,614			\$ 18,832

(1) The sum of the quarterly information presented may vary from the year-to-date information presented 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, 2019 and 2018 for the fiscal 2020 and fiscal 2019 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

(3) Applications ecosystem revenues represent the sum of applications related cloud services and license support revenues; and applications related license revenues. Infrastructure ecosystem revenues represent the sum of infrastructure related cloud services and license support revenues; and infrastructure related license revenues.

ORACLE CORPORATION
Q2 FISCAL 2020 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 related to each of the below items except for the impact of the U.S. Tax Cuts and Jobs Act of 2017:

- Cloud services and license support revenues: Business combination accounting rules require us to account for the fair values of cloud services and license support contracts assumed in connection with our acquisitions. The non-GAAP adjustments to our cloud services and license support revenues are intended to include, and thus reflect, the full amount of such revenues. We believe the adjustments to these revenues are useful to investors as a measure of the ongoing performance of our business as we generally expect to experience high renewal rates for these contracts at their stated values during the post combination periods.
- 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 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 primarily consist of personnel related costs for transitional and certain other employees, integration related professional services, certain business combination adjustments including adjustments after the measurement period has ended and certain other operating items, net. 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 and other expenses and restructuring expenses generally diminish over time with respect to past acquisitions and/or strategic initiatives, we generally will incur these expenses in connection with any future acquisitions and/or strategic initiatives.
- Impact of the U.S. Tax Cuts and Jobs Act of 2017: The U.S. Tax Cuts and Jobs Act of 2017 (the Tax Act) was signed into law on December 22, 2017. For the first half of fiscal 2019, we recorded a benefit of \$153 million related to adjustments in our estimates of the one-time effects of the Tax Act, including the one-time transition tax on certain foreign subsidiary earnings and the remeasurement of net deferred income tax balances affected by the Tax Act. We have excluded the impacts of this benefit from our non-GAAP income taxes and net income measures for the first half of fiscal 2019. We believe making these adjustments provides insight to our operating performance and comparability.