



This flash report is unaudited and the translation of the Japanese language version.

Flash Report for the 3rd Quarter of Fiscal Year Ending May 31, 2017
[under Japanese GAAP] (Non-consolidated)

March 22, 2017

Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1st Section
 Ticker: 4716 URL: <http://www.oracle.com/jp/corporate/investor-relations/index.html>
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 Quarterly Report Filing Date (as planned): April 13, 2017
 Schedule for dividends payment: -
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results conference: Yes (for analysts and institutional investors)

(Amount of less than ¥1 million are rounded down)

1. Financial results for this term (from June 1, 2016 to February 28, 2017)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
3 rd Quarter, May 2017	123,240	1.0	37,377	2.5	37,292	2.1	25,813	5.9
3 rd Quarter, May 2016	122,047	3.8	36,482	6.5	36,538	6.2	24,383	10.0

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
3 rd Quarter, May 2017	202	42	202	03
3 rd Quarter, May 2016	191	55	191	21

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net asset per share	
	Million Yen	Million Yen	%	Yen	Sen
3 rd Quarter, May 2017	170,678	94,993	55.3	740	27
FY ended May 2016	223,402	136,227	60.6	1,062	14

Shareholders' equity 3rd Quarter, May 2017: 94,397 Million Yen (FY2016: 135,386 Million Yen)

2. Dividends

	Dividend per share									
	1 st Quarter end		2 nd Quarter end		3 rd Quarter end		Fiscal Year end		Total	
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen
FY ended May 2016	-		0	00	-		525	00	525	00
FY ending May 2017	-		0	00	-		-		-	
FY ending May 2017(Forecast)	-		-		-		-		-	

(Note1) Revision of outlook for dividends in this quarter: No

(Note2) Year-end dividend for the year ending 2017 has yet to be determined.

(Note3) Breakdown of Dividends for May 2016: a normal dividend of 105 yen, a special dividend of 420 yen and year-end total dividend is 525 yen.

3. Forecast for the May 2017 term (from June 1, 2016 to May 31, 2017)

(% of change from previous year)

	Revenue	Net income per share
	%	Yen
Entire term	1.0~4.0	274~284

(Note1) Revision of forecast for May 2017 term in this quarter: No

(Note2) Company uses ranges of values for the forecast.

(Note3) Estimation of effective tax rate is 31.1%

4. Other information

(1) Adoption of specified accounting methods for the preparation of quarterly non-consolidated financial statements: Yes

(2) Changes in accounting policies, procedures, presentation rules, etc

(i) Changes in accounting policies due to revision of accounting standards :	None	None
(ii) Changes in accounting policies due to reasons other than (i):	None	None
(iii) Changes in accounting estimates :	None	None
(iv) Restatements :	None	None

(3) The number of shares outstanding (common stock)

(i) The number of shares outstanding (inclusive of treasury stock)	3 rd Quarter, May 2017	127,673,471 shares
	FY ended May 2016	127,511,971 shares
(ii) The number of treasury stock	3 rd Quarter, May 2017	155,422 shares
	FY ended May 2016	46,521 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	3 rd Quarter, May 2017	127,526,569 shares
	3 rd Quarter, May 2016	127,298,787 shares

(Note) The Company's stock held by Board Incentive Plan Trust and Employee Stock Ownership Plan Trust is included in the number of shares held in treasury.

The treasury shares which remain in the BIP trust and the ESOP trust are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term.

Caution1:

These quarterly financial statements are outside the scope of quarterly review procedures.

Caution2:

Above forecast is based on the information available at a time of issuance of this report, and the actual result may change by various reasons. Please refer to Qualitative information for Forecasts, on page 4.

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1. Qualitative Information on Results in the Quarter under Review

(1) Qualitative Information on Business Outcomes

(i) Overview

During the third quarter under review (from June 1, 2016 to February 28, 2017, hereinafter “this quarter”), the Japanese economy improved moderately, reflecting firm consumer spending on the back of the improved employment and income situation. However, uncertainty over the outlook of the economy increased given the slowdown in overseas economies, changes in financial markets, including exchange rates and interest rates, following the Brexit referendum, and the change in government in the United States. Japanese society faces a decline in the working population due to the aging of society and falling birth rate, the revitalization of regional economy, and the progress of globalization. It is important to deal with these issues by leveraging digital technology to increase the productivity of society, communities, companies, and individuals.

In the fiscal year ending May 31, 2017, the Company has entered the third year of its quest stated in VISION 2020 to become the number one cloud company by 2020. The Company views this year as the last year for solidifying the foundation for achieving accelerated growth in its cloud business. The Company ran its businesses in line with its key concept of Digital Aid by POCO (The Power of Cloud by Oracle) and its management policies, which consist of expanding SaaS / PaaS / IaaS business, strengthening enterprise sales activities, expanding Hardware Systems segment, and contributing to the growth of regional business.

Especially in the cloud business, an area of focus, inquiries about the ERP/EPM cloud in the medium-sized enterprise market and in the fields of distribution and services and about Oracle Cloud Machine, IaaS, increased as a result of sales and marketing activities. Sales in the cloud (SaaS/PaaS/IaaS) grew 106.5% (3 months ended) and 107.5% (9 months ended) year on year, which indicates that the business performed favorably.

The Company posted revenue of 123,240 million yen (up 1.0 % year on year), operating income of 37,377 million yen (rising 2.5 %), ordinary income of 37,292 million yen (gaining 2.1 %) and net income of 25,813 million yen (increasing 5.9 %). All four indicators attained hit record highs as this quarter (9 months ended).

(Note 1) SaaS: Stands for “Software as a Service,” and refers to services that offer financial accounting, salary/personnel management, and other functions of software that are provided via the Internet.

(Note 2) PaaS: Stands for “Platform as a Service,” and refers to services that offer database management software for the construction and operation of the IT systems and middle layer software that ensure the smooth linkage between different software that are provided via the Internet.

(Note 3) IaaS: Stands for “Infrastructure as a Service,” and refers to services that offer infrastructure that are provided via the Internet for the construction and operation of IT systems, such as server machines, storage devices, and other hardware and networks.

(ii) Results by Reported Segment

[New software licenses and cloud (SaaS/PaaS/IaaS)]

Revenue in the New software licenses and cloud (SaaS/PaaS/IaaS) segment was 35,111 million yen, down 4.6 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 28,804 million yen (fell 14.7 % year on year), and revenue in the Cloud (SaaS/PaaS/IaaS) was 6,306 million yen (rising 107.5 % year on year).

This segment consists of the New software licenses that sells new licenses for database management software, a range of middleware, and ERP and other business applications, etc. and Cloud (SaaS/PaaS/IaaS) provides services to access to select Oracle software applications, software platforms and resources of hardware via the Internet.

< Cloud (SaaS/PaaS/IaaS)>

• Sales & Marketing

The Company used its own cloud solutions to strengthen its sales force, speeding up the purchasing process. To promote sales of cloud products and services further in the Mid-Market fields, the Company launched its sales business unit “Oracle Digital”. The Company is moving ahead with sales reforms, accelerating the expansion of its cloud products and services by promoting customers’ cloud experience using leading-edge digital tools, including social media, online demonstrations and TV conferences.

In marketing activities, the Company held Oracle CloudDays in Tokyo, Fukuoka, Nagoya, Osaka and Sapporo to present its cloud solutions and the latest trends such as IoT (Internet of Things) and big data, together with user case studies.

• Product Services

In SaaS, demand is growing for global indirect purchases and integrated accounting aimed at strengthening competitiveness. The Company expanded its ERP and EPM Cloud as a result of promoting proposal activities leveraging its cutting-edge expertise in global process integration.

In PaaS/IaaS, there were increasing inquiries about the Company's PaaS products that facilitate links among devices and systems for IoT solutions in the manufacturing industry. and inquiries about the Oracle Cloud at Customer, which provides Oracle's public IaaS and PaaS to customers' data centers that have a cloud environment installed by the Company.

In October 2016, the Company announced a three-company collaboration with NTT DATA Corporation and NTT DATA INTELLILINK Corporation in the hybrid cloud field utilizing the Oracle Cloud at Customer. The Company will speed up development and improve cost productivity by integrating its products in an integrated development environment within the NTT DATA Group, and help create new value through hybrid collaboration between the existing mission-critical system and mobile technology, the IoT, and big data.

In February 2017, the Company announced a strategic alliance with NEC Corporation (hereinafter "NEC") in the cloud business. The Company will install the Oracle Cloud at Customer at NEC's data center and will comprehensively facilitate customers' use of cloud services by providing Oracle's public cloud from an advanced security environment and NEC's maintenance service.

In terms of the strategic alliance with Fujitsu that was announced in July 2016, the Company is working aggressively toward the starting cloud services.

The Company will continue to promote acquisitions of new users by expanding cloud products and services and strengthening alliances with partners.

< New software licenses >

In the New software licenses segment, there was a reactionary downturn following the large deal won in the same period of the previous fiscal year. However, the Company won orders for Oracle Exadata, the Company's engineered system, and security products as part of the cloud service infrastructure of partner companies that need more advanced security and high-speed processing, infrastructure integration for mission-critical IT systems in finance, telecommunications, utilities and infrastructure, for the use of data to enhance competitiveness and points of contact with customers.

[Software license updates & product support]

Revenue in the Software license updates & product support segment was 61,608 million yen, increasing 6.1% from the corresponding period of the previous fiscal year.

This segment updates software for customers using the Company's software licenses and provides technical support.

The Company continued to highlight the quality of support offerings through "My Oracle Support", which provides personalized, proactive and preventative support experience. Meanwhile, it stepped up collaboration with partners and took steps to increase support attach rate to new products and maintain and boost the support contract renewal rate.

[Hardware Systems]

Revenue in the Hardware systems segment was 13,253 million yen, down 10.5 % from the corresponding period of the previous fiscal year.

Revenue in the Hardware systems product division was 5,618 million yen (fell 20.4 % year on year) and Revenue in the Hardware systems support division was 7,635 million yen (decreasing 1.5 % year on year).

This segment consists of the Hardware systems product division which sells servers, storage, engineered systems and network devices, and provides operating systems and related software, and the Hardware systems support division which provides technical support for hardware products, maintenance and repair services and updated versions of related software including operating systems.

The Hardware systems product division was affected by a reactionary downturn following the large deal won in the same period of the previous fiscal year.

[Services]

Revenue in the Services segment was 13,266 million yen, gaining 7.1 % from the corresponding period of the previous fiscal year.

This segment consists of Consulting Services, which support the introduction of products of the Company; Advanced Customer Support Services, which provide a preventive maintenance service and a comprehensive operation management service for customers' IT environments; and Education services,

which provide training for engineers and users, and also encompasses a technology qualification business.

In Consulting Services, projects made steady progress, and preventive maintenance service provided as part of the Advanced Customer Support Services continued to generate brisk revenue for Oracle Exadata Database Machine.

<Revenue breakdown by business segments>

Item	FY2016 3 rd Quarter		FY2017 3 rd Quarter			May 2016	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
New software licenses	33,753	27.7	28,804	23.4	-14.7	47,334	27.8
Cloud (SaaS/PaaS/IaaS)	3,039	2.5	6,306	5.1	107.5	4,594	2.7
New software licenses & Cloud (SaaS/PaaS/IaaS)	36,792	30.1	35,111	28.5	-4.6	51,929	30.5
Software license updates & product support	58,056	47.6	61,608	50.0	6.1	78,170	45.9
Software & Cloud	94,849	77.7	96,719	78.5	2.0	130,099	76.4
Hardware systems products	7,057	5.8	5,618	4.6	-20.4	11,930	7.0
Hardware systems support	7,750	6.4	7,635	6.2	-1.5	10,317	6.1
Hardware systems	14,808	12.1	13,253	10.8	-10.5	22,247	13.1
Services	12,390	10.2	13,266	10.8	7.1	17,856	10.5
Total	122,047	100.0	123,240	100.0	1.0	170,203	100.0

*Amount is rounded down. Composition ratio and year-to-year comparison (Variance) are rounded off.

(2) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 170,678 million yen (decreasing 52,723 million yen from the end of the previous year). Current assets were 129,520 million yen (decreasing 53,998 million yen).

Liabilities were 75,684 million yen (decreasing 11,489 million yen). Net assets totaled 94,993 million yen (decreasing 41,234 million yen). The decrease was primarily appropriated to the payment of a year-end dividend of 525 yen (a normal dividend of 105 yen and a special dividend of 420 yen) per share for the 31st business term.

As a result, the ratio of shareholders' equity was 55.3% (down 5.3 percentage points).

(3) Qualitative Information on Forecasts

There is no change to the forecast announced on June 28, 2016.

2. Summary information and related items

(1) Adoption of Specified Accounting Methods for the Preparation of Quarterly Non-Consolidated Financial Statements

* Accounting methods particular to the preparation of quarterly financial statements

The Company has adopted a method in which tax expenses are calculated by multiplying quarterly net income before tax by effective tax rates estimated in a reasonable way, after applying tax effect accounting to net income before tax for the fiscal year under review. Income taxes-deferred is stated including corporate tax.

(2) Change in Accounting Policies, Changes Accounting Estimate, and Restatement
Not Applicable

3. Important Information about Going Concern Assumption

Not Applicable.

4. Financial Statements

(1) Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2016)	Current term end (as of February 28, 2017)
Assets		
Current assets		
Cash and deposits	59,644	19,595
Accounts receivable-trade	19,674	14,962
Short-term loans receivable	100,000	90,300
Other	4,202	4,664
Allowance for doubtful accounts	-2	-2
Total current assets	183,519	129,520
Noncurrent assets		
Property, plant and equipment		
Buildings, net	11,724	11,541
Land	26,057	26,057
Other, net	1,303	2,702
Total property, plant and equipment	39,085	40,301
Intangible assets	5	3
Investments and other assets		
Other	796	854
Allowance for doubtful accounts	-4	-0
Total investments and other assets	791	854
Total noncurrent assets	39,883	41,158
Total assets	223,402	170,678
Liabilities		
Current liabilities		
Accounts payable-trade	10,514	14,104
Accounts payable-other	5,832	4,195
Income taxes payable	9,195	3,673
Advances received	56,527	50,245
Provision for bonuses	2,001	1,148
Other Provision	477	327
Other	2,616	1,982
Total current liabilities	87,166	75,677
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	87,174	75,684
Net assets		
Shareholders' equity		
Capital stock	23,209	23,619
Capital surplus	6,560	6,969
Retained earnings	105,836	64,711
Treasury stock	-221	-903
Total shareholders' equity	135,386	94,397
Subscription rights to shares	841	596
Total net assets	136,227	94,993
Total liabilities and net assets	223,402	170,678

(2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2015 to February 29, 2016)	Current term (From June 1, 2016 to February 28, 2017)
Net sales	122,047	123,240
Cost of sales	61,451	62,237
Gross Profit	60,596	61,002
Selling, general and administrative expenses	24,113	23,625
Operating income	36,482	37,377
Non-operating income		
Interest income	55	8
Foreign exchange gains	0	—
Others	9	9
Total Non-Operating Income	65	17
Non-Operating expenses		
Foreign exchange losses	—	84
Others	8	17
Total Non-Operating expenses	8	102
Ordinary Income	36,538	37,292
Extraordinary Income		
Gain on reversal of subscription rights to shares	26	165
Total Extraordinary Income	26	165
Income before income taxes	36,565	37,458
Income taxes	12,181	11,644
Net Income	24,383	25,813

(3) Notes to Financial Statements

(Notes to Going Concern): Not Applicable

(Notes to significant changes in the stockholders' equity)

The Board of Directors adopted a resolution to distribute a dividend of 525 yen (a common dividend of 105 yen and a special dividend of 420 yen) per share on August 8, 2016, subject to the approval of the proposal at a meeting held on July 22, 2016. As a result, retained earnings 66,938 million yen decreased.

(Segment Information)

I. Previous quarter under review (from June 1, 2015 to February 29, 2016)

Segment sales and operating income (loss)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (note) 2
	New software licenses and Cloud (SaaS/PaaS/I aaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	36,792	58,056	14,808	12,390	122,047	—	122,047
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	36,792	58,056	14,808	12,390	122,047	—	122,047
Operating income (loss)	5,180	30,839	727	3,088	39,835	-3,352	36,482

(Notes): 1. Segment profit adjustment of minus 3,352 million yen is a Company-wide expense, which primarily relates to administration departments that do not belong to any reported segment.

2. Segment profits are adjusted in comparison with operating income in the statement of income.

II. Current quarter under review (from June 1, 2016 to February 28, 2017)

Segment sales and operating income (loss)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (note) 2
	New software licenses and Cloud (SaaS/PaaS/I aaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	35,111	61,608	13,253	13,266	123,240	—	123,240
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	35,111	61,608	13,253	13,266	123,240	—	123,240
Operating income (loss)	3,710	32,781	619	3,417	40,528	-3,151	37,377

(Notes): 1. Segment profit adjustment of minus 3,151 million yen is a Company-wide expense, which primarily relates to administration departments that do not belong to any reported segment.

2. Segment profits are adjusted in comparison with operating income in the statement of income.