

**NOTE: This document is for HR and Hiring Managers. Internal Only.**

## Acquisition Employment and Compensation Playbook

**Overview:** With incoming acquisitions, Oracle will generally follow a standard process for transitioning acquisition employees to Oracle employment and compensation. The goal of the standard process is threefold: 1) accelerate the employee transition to Oracle; 2) follow a consistent approach to this phase of on-boarding such that Oracle LOB's have a clear understanding of the process; and 3) allow adequate time for Oracle LOB's to determine optimal compensation for incoming employees. The following are general guidelines only; actual practice in a specific instance may vary depending on the facts and circumstances of the particular situation, and subject to obtaining applicable approvals as outlined below.

**Acquisition-to-Oracle Job Code Mapping:** Oracle HR will map the acquisition employee positions and job codes to the closest equivalent Oracle positions and job codes. This work will most likely result in title changes for acquisition employees and less frequently include functional reassignment. For instance, maintenance renewals performed by Finance at the acquisition company would be transferred to the Support organization at Oracle. Timing of the job code mapping process typically begins after the signing of the LOI and is completed before or after the change-in-control (CIC). Timing may differ based on the nature of the transaction.

- Note that Oracle HR's ability to complete the job code mapping is contingent on the acquisition company – shortly after the LOI is executed – completing the Oracle HR acquisition employee template and providing the additional information (e.g. span of control, job descriptions, salary survey mappings) needed to map the organizations and job codes.
- Note that the mapping process is an ongoing process and an employee's mapping may be adjusted as Oracle HR and Oracle Managers receive new information regarding the employees and the organization.

**Oracle LOB Hiring:** For each acquisition, Oracle LOB's will be responsible for selecting the relevant acquisition employees to transition to Oracle, subject to local country requirements. Oracle LOB's have three options for the relevant employees: 1) provide regular offer / notification letter (full time or part time); 2) provide transitional offer / notification letter with identified end date; or 3) provide no offer. For acquisition employees that receive a regular or transitional offer / notification letter, they will be subject to the standard compensation process described below.

- HR M&A will be responsible for providing the Oracle LOB's a preliminary list of the acquisition employees mapped to the respective Oracle LOB. Timing will typically be at or after the CIC, but may differ based on the nature of the transaction.
- Oracle FP&A will be responsible for providing the target number of employees per Oracle LOB, based on the approved acquisition budget. Timing should be in-line with the delivery of acquisition employee lists to the Oracle LOB's. Note that Oracle FP&A's ability to provide this information to the Oracle LOB's is contingent on the acquisition company providing the relevant and complete financial information pre-CIC.

**Standard Compensation Process:** In general, acquisition employees will transition to Oracle – whether through a job offer or notification process, depending on country location – in the following manner:

- Base salary. Transition to Oracle at current base salary at the time of local legal entity combination. Irrespective of when the acquired company is conducting its legacy Focal process, acquisition employees will transition to Oracle at the same base salary rate and participate in Oracle's next applicable Focal process.

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- Corporate bonus. For acquisition employees being hired into a position that is eligible for the Oracle corporate bonus, they will transition to Oracle's corporate bonus plan, effective at local legal entity combination or at the close of a naturally occurring bonus cycle under the target company's plan. If the transition to the Oracle corporate bonus plan occurs midway through the acquisition company's bonus period, then credit for the stub period may, at Oracle's discretion, be considered as part of the Oracle corporate bonus plan. Acquisition employees who are hired into a position that is eligible for the Oracle corporate bonus plan and who remain with Oracle at the time of the next Oracle bonus cycle, may be eligible for the Oracle corporate bonus plan and receive credit for the period of time starting from when they become eligible.
- Individual variable compensation. Acquisition employees that qualify for individual variable compensation plans will move to Oracle plans. Oracle management will determine the appropriate time to transition qualifying acquisition employees to Oracle incentive compensation plans.
- Stock options. No new stock options will be granted to acquisition employees as part of the onboarding process. Oracle LOB's may elect to grant stock options to acquisition employees as part of the next Oracle stock option grant process. Acquisition employees with existing stock options from the acquired company will transition to Oracle's stock option plan, unless determined otherwise by Oracle depending upon the terms of the applicable transaction.

**Exception Process:** For each acquisition, certain incoming employees may require an exception to the above standard compensation process. Exceptions will be managed by HR M&A and Corporate Development and will require the approval of the CEO Office. In general, exceptions should be raised and resolved as soon as possible, but no later than the legal combination for non-EU countries or the completion of the employee fair selection process in EU countries. Potential exceptions may include, for example:

- Key employees. Oracle may determine that certain acquisitions have a small number of designated key employees (e.g., 4-6 employees). The key employees may receive adjustments to certain compensation components (base salary, stock options, etc.) that vary from the standard compensation process. Corporate Development and HR M&A will manage the key employee list with input from certain Oracle LOB's on the appropriate adjustments.
- Retention bonuses. Oracle may determine that certain acquisitions should include a retention bonus for certain acquisition employees. For retention programs designed as part of the deal, Corporate Development and HR M&A will manage the retention bonus pool with input from relevant Oracle LOB's on the appropriate allocation of the bonus pool. Outside deal based retention programs, LOB's may recommend retention payments per the retention plan guidelines for their transitional or key employees.
- Stock options. Oracle may determine that certain acquisitions should include stock option grants for certain acquisition employees. Corporate Development and HR M&A will manage the stock option process with input from relevant Oracle LOB's on the appropriate allocation of the stock options.
- Change of job responsibilities / status. After the job code mapping process is completed, certain acquisition employees may assume different job responsibilities (e.g., quota-carrying rep to business development manager) or a change in job status (e.g., salaried vs. hourly). In these cases, the LOB may make recommendations to change certain compensation components (e.g., base salary, variable) to reflect change in employment.
- Exceptions to avoid triggering CIC benefits. In certain deals, some or all employees may have CIC agreements or plans that limit Oracle's ability during a certain time period after the transaction to reduce, for example, on target earnings and/or job responsibilities without triggering the applicable CIC benefits. Corporate Development and HR M&A will manage these exceptions with input from relevant Oracle LOB's.

- Focal process. Depending on circumstances, a distinct Focal may be run for newly acquired employees prior to the next regularly scheduled Oracle Focal process. This will be handled on a case-by-case basis.
- Other exceptions. Other exceptions may be allowed, but will require written justification from the Oracle LOB and will require CEO Office approval.

**Employee Offer / Notification Timing:** The below table puts forward target timing for the employee transition – whether through a job offer and transfer notification – based on the M&A transaction type. The timing may differ for a particular transaction, depending on transaction-specific conditions.

EE Type / Location	Public company transactions	Private company transactions
<b>Key employees</b>		
<ul style="list-style-type: none"> <li>▪ NA, APAC, LAD employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offers pre-signing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offers pre-signing</li> </ul>
<ul style="list-style-type: none"> <li>▪ EMEA employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Notifications pre-signing if allowable under EU and local country laws</li> </ul>	<ul style="list-style-type: none"> <li>▪ Notifications pre-signing if allowable under EU and local country laws</li> </ul>
<b>Regular employees</b>		
<ul style="list-style-type: none"> <li>▪ NA, APAC, LAD employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offers 1 month post-close</li> </ul>	<ul style="list-style-type: none"> <li>▪ For transactions with acceptance % threshold as a closing condition: offers between transaction agreement signing and transaction close</li> <li>▪ If no closing condition: offers 1 month post-close</li> </ul>
<ul style="list-style-type: none"> <li>▪ EMEA employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Notifications prior to legal combination, after EU and local country consultative requirements have been met</li> </ul>	<ul style="list-style-type: none"> <li>▪ For transactions with acceptance % threshold as a closing condition: notifications between transaction agreement signing and transaction close, after EU and local country consultative requirements have been met</li> <li>▪ If no closing condition: notifications prior to legal combination, after EU and local country consultative requirements have been met</li> </ul>