

Annual Stock Grant Process

Document last updated June 2013

Deposition Exhibit 40
Deponent: K. Waggoner
Date: July 26, 2018
Reporter: Jane Grossman, CSR No. 5225

Exhibit P-151

103

CONFIDENTIAL
CONFIDENTIAL

ORACLE_JEWETT_00006549

ORACLE_H001_0000

Eligibility: Focal Stock Grant

To be considered for the FY14 Annual Stock Grant, an employee must meet all of the following requirements:

1) **Employment Status:**

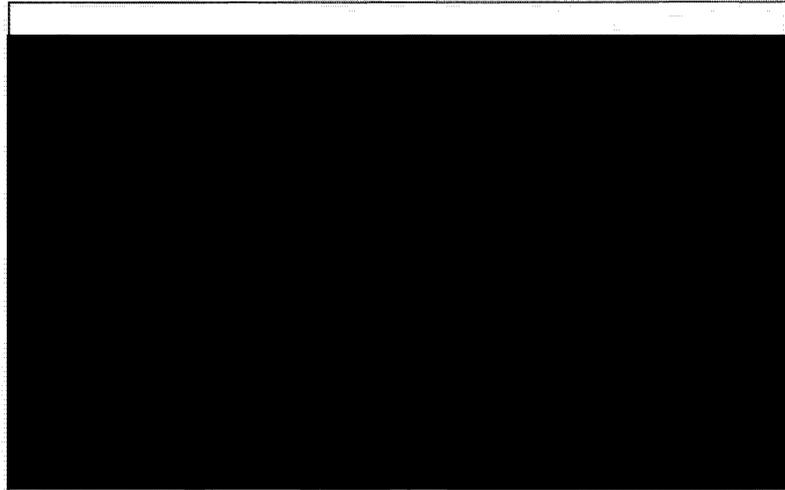
Must be a regular, Oracle employee.

Contractors are not eligible.

Students and temporary employees are not eligible.

2) **Country:**

Employees working in the following countries are ineligible to participate:



3) **Job:**

Employees with a Global Career Level "IC0" are not eligible to participate.

4) **Mergers and Acquisitions:**

All "merged" employees will be enrolled in the plan if they meet all other enrollment and eligibility criteria.

5) **Termination:**

An employee with a future dated termination entered in the HRDB is not eligible.

Annual Stock Grant General Timeline

RUN POST PROCESS FOR PRIOR YEAR GRANT TO CLOSE OUT RECORDS

Early February – Verify country eligibility with global comp group & legal – **REMOVE [REDACTED] ARE ELIGIBLE**

Mid February – Work with [REDACTED] to put together [REDACTED] employee worksheet

Early March – Begin analysis for compensation committee & put together worksheets for preliminary review at their meeting the end of March

Mid March – Update stock history in all CWB modules

Mid March – Run CBR for Safra's proforma analysis

End March – Comp committee preliminary review of upcoming grant process

End March – Order Radford custom stock report

Early April – Proforma budget worksheet to Safra

Mid April – Communicate to line HR the dates for upcoming CWB training

End April – Run preliminary download for stock module – **BE SURE TO CHECK PRIOR YR GRANT COLUMN IN THE DOWNLOAD**

Early May – Conduct CWB training for line HR

Early May – Request line HR to review data in IWB

Early May – Update stock eligibility documents & CWB link

Early May – Run participation process - **CHECK FOR ELIGIBLE EMPLOYEES FROM [REDACTED] THAT INCLUDE MULTIPLE [REDACTED] & REMOVE IF NECESSARY – ALSO, GET [REDACTED] RECIPIENT DISTRIBUTION FROM [REDACTED]**

Mid May (2nd wk) – Module open to Comp 1 day before opening to line HR and managers

Mid May (3rd wk) – Confirm executive grants

Mid May (3rd wk) – Comp comm meeting for budget approval & send budgets to execs

Early June – Close CWB module (open for approx. 20 business days)

Mid June – Send stock recommendations summary to Safra for final LJE approval

End June – Get final approval for all executive grants to finalize files to present to comp committee

End June – Comp committee meeting to approve final stock recommendations

Early July – Stock grants effective

Process Steps

Folder:

- [REDACTED]
- [REDACTED]
- [REDACTED]

Process:

➤ **Eligibility:** The first step for Stock Focal is to take the most current CBR in early February to check the stock eligibility of all countries. The rule is that any country [REDACTED] is eligible for

stock. There are few exceptions to this rule:

- Countries like [REDACTED] are not eligible for stock focal because of tax regulations in these countries. But this needs to be rechecked every year as rules may have changed.
- [REDACTED] is also not eligible for stock focal because of tax regulations, but there is an approved exception for [REDACTED] to make employees in career level M5 and above eligible for stock.
- In [REDACTED]

Only [REDACTED] employees are eligible for stock. [REDACTED] employees are not eligible for stock as they have [REDACTED]. Use Cost Centers to distinguish between them: [REDACTED]

- [REDACTED] has up till now [REDACTED]. An exception has been approved for one employee [REDACTED] to be eligible for stock focal.
- [REDACTED] but is not eligible for stock as it is a [REDACTED]

Send mail to [REDACTED] for re-checking eligibility.

Details for sample email:

As a first step in preparation for stock focal, attached is the stock eligibility analysis for all countries for your review. To summarize:

- [REDACTED]

Also please confirm the following:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Once Global team responds, send an email to legal [REDACTED] to check on tax regulations of all countries. Legal will check and confirm if stock eligibility can be changed in any country.

Once eligibility for all countries is confirmed, CWB needs to be updated for the same. Please raise a service request to AIT for an update in the system if any country needs to be added or deleted as eligible. Also update the eligibility document linked to CWB for line HR and Managers (sample saved in [REDACTED] [REDACTED] in HR Ops helps in uploading the updated eligibility document to CWB.

In addition, the more formal eligibility document needs to be updated by [REDACTED]. Please note all changes in the official document and send it to her for updating. A sample of this document is saved in [REDACTED] [REDACTED]

Eligibility of all countries is checked again in March, April & May [REDACTED] [REDACTED]

Important: There are few countries where there is [REDACTED] [REDACTED]. This list is provided by legal [REDACTED] every year, so work with them to get the new list. All emails sent to legal need to be marked to [REDACTED] as well. Current restrictions are as follows:

- [REDACTED]
- [REDACTED]

➤ **data gathering:** Use the template saved in in [REDACTED] [REDACTED]. Create new column for upcoming grant, and send the file to [REDACTED] to ensure that you have the complete employee list & accurate details for each. [REDACTED] will respond with any corrections to the data. His recommendations will be made after Safra determines his budget later in the process.

➤ **Stock History Upload:** Send an email to Stock Services requesting a Global Stock File with a vest date as late as possible (they can't do future-dated reports, so just go with the latest date that you can, while still allowing time to do the upload in CWB). Stock history data is uploaded in CWB using [REDACTED] [REDACTED]

Steps for Stock History Upload: Detailed Process document is saved in [REDACTED] [REDACTED]

Notes: There have been a few instances where the [REDACTED] [REDACTED]. You can do a cross comparison against a CBR to find any discrepancies.

Report for Validating Stock History Upload: User guide is saved in [REDACTED]

➤ **Security Profile Update:** User guide saved in [REDACTED]

➤ **Stock Analysis for Compensation Committee:** Compensation Committee every year decides on the Company List which is used for all analysis for stock. Based on the company list decided, order the Radford Benchmark Survey - Custom Stock by Level Report. Usual requirement is to have minimum of 20 companies for ordering this report; if Comp Committee has selected less than 20 companies then select rest of the companies in discussion with [REDACTED]

FY11 List for Radford CSL Report:

Approved by Compensation Committee: Accenture, Amazon, Apple, Cisco Systems, Dell, Ebay, EMC, Google, HP, IBM, Intel, Microsoft, Motorola, Qualcomm, SAP America, Texas Instrument and Yahoo.

Companies added to make 20 companies: Adobe, Applied Materials, Cadence, Electronic Arts.

Stock Analysis Report for Comp Committee: Format is saved in [REDACTED]

Report shows a comparison in stock grant between Oracle and Market. For market data use the above report and for Oracle use previous year eligibility and stock grant file.

This report is only for US employees. Data is reported under the following classifications: [REDACTED]

[REDACTED] Within each classification, data is shown for Individual Contributor, Senior Individual Contributor, Manager, Director, Senior Director and VP. Market data is provided [REDACTED] for rest of the groups, market data is not available for [REDACTED]

Level	Oracle Level	Radford Level
IC	[REDACTED]	
SIC	[REDACTED]	
Manager	[REDACTED]	
Director	[REDACTED]	
Snr Director	[REDACTED]	
VP	[REDACTED]	

➤ Two budget sheets are prepared. One is for Compensation Committee and one proforma for Safra. ** [REDACTED]
For Compensation Committee: Format is saved in [REDACTED]

- Proposed FYXX Executive Stock Option Grants: This shows option grants for Executives only. Always show this years grant column for Comp Committee members to enter proposed stock grant. Also check with [REDACTED] if there is an addition or deletion to the list.
- Stock Pool History: This shows FY01 onwards stock history data. Report is divided by region US, International and Total. Use eligibility and stock grant file for last year to update this report.
- FYXX Actual Grant: This shows the previous year's actual grant data by line of business. Report is divided by region: US, International and Total. Use eligibility and final stock grant file for previous year to update this report. *In preparing file for FY12 grant, it may be necessary to separate out [REDACTED] from Int'l in this tab. Please check with [REDACTED]
- Change in Hdct: This shows change in headcount from last year to this year. For this report use latest CBR (show only eligible headcount; remove [REDACTED]) Include [REDACTED] employees (list is provided by [REDACTED]). Also use last years eligibility and actual stock grant file for this report. *May need to pull out [REDACTED] in this tab as well.

Line of Businesses:

- [REDACTED]
- [REDACTED]
- [REDACTED]

For Safra's Proforma: Format is saved in [REDACTED]

For this report, use latest CBR (show only eligible headcount; remove students, temps, IC0s and employees not eligible as per eligibility document). Include [REDACTED] employees (list is provided by [REDACTED]). Also use previous year's eligibility and actual stock grant file for this report. Be sure to use prior year grants for [REDACTED] NOT averages.

Line of Businesses:

- [REDACTED]
- [REDACTED]

- [REDACTED]
- **CWB Training:** Before CWB stock module is opened to HR and Managers, we offer a refresher CWB training for line HR. Training is saved in [REDACTED]

Send the presentation to Global peers as well so that they can train in their region.

For US training send mails to: [REDACTED]
Copy all HR Heads and Corp Comp on the same: [REDACTED] Victoria Thrasher, Anje Dodson and [REDACTED]

Sample Mail:

Prior to the upcoming compensation processes, we will be conducting a web conference training session on how to use Compensation Workbench. This training will cover the timelines, eligibility rules and a CWB demonstration.

Call in & web conference details are as follows:

Phone #

Conference ID

Password

Please feel free to forward this information to others in HR who will be involved in the upcoming processes.

- **Budget Communication Mails to Executives and Line HR:** Once Budget is approved by the Compensation Committee, communication emails are sent to all executives (include the Corpcomp Consultant and Line HR Head in all emails). Also one separate email is sent to the Global Comp team informing them that budgets are approved.

Sample Mail to Executive

To: Screven

CC: Kate Waggoner, [REDACTED]

We are pleased to that Compensation Workbench (CWB) is now available for you to begin the FY11 Annual Stock process.

Provided below is information regarding the Stock process.

•BUDGETS:

Your FY11 global budget is [REDACTED] shares. The budget is a fixed amount. As a result, the budget you are given will not change if you add or delete employees from your organization's stock worksheets.

This year, your budget is divided into 2 categories, Development and 'All other' functions. This approach is intended to allow you to reward your developers, since many

of the employees in your 'All Other' category are compensated through overtime pay or incentive plans for which developers are not eligible.

When allocating stock, it is requested that you consider the following US/International budget distribution:

	OPTIONS Total Global Proposed	OPTIONS U.S.	OPTIONS India	OPTIONS Int'l

•SCHEDULE:

The corporate schedule for the FY11 Annual Stock Grant process is defined below. We realize this is not a lot of time; however we appreciate you adhering to the corporate schedule listed below.

Corporate Compensation Approval Deadlines	
May 26th	Stock budgets published in CWB for Execs
June 11th	CWB Stock module closes - all recommendations must be submitted by COB PDT.
June 15th	Corporate Compensation forwards stock recommendations to Larry Ellison's office for review/approval.
June 29th	Compensation Committee of the BOD meets to review/approve grants.

***Approval from the Office of the CEO AND the Compensation Committee of the Board of Directors must be obtained by Corporate Compensation prior to any grants being approved, communicated, or distributed to individuals.**

We look forward to working with you.

Regards,
Corporate Compensation

Sample Mail to HR and Global Group:

To: Anje Dodson, Vickie Thrasher, [REDACTED]
CC: Corpcomp_us & region comp leads

Good news – we have approved FYXX Annual Stock budgets!

Global Compensation kicked off the process yesterday by sending an email to LOB Heads, informing them of their LOB budgets.

Below is the summarized timeline:
FY09 –Stock Grant Schedule:

Corp Comp Communicated Stock budgets to LOB Heads: Thursday, June 12th
CWB-Stock application opened to HR and LOB Heads: Friday, June 13th
CWB-Stock Application opened to Managers: Monday, June 16th
All recommendations submitted to Corp Comp: By COB Tuesday, June 24th
Corp Comp submits recommendations to Office of the CEO: Wednesday, June 25th
Stock grants presented to Comp Committee for approval: Thursday, June 26th

Please note that approval from the Office of the CEO and the Compensation Committee of the Board of Directors must be obtained by Corporate Compensation prior to any grants being approved, communicated, or distributed to individuals.

We anticipate that you will work with your LOB Head to set and communicate an LOB timeline that meets this schedule.

Please forward this email to those on your staff who are involved with the stock process.

Feel free to contact me if you have questions.

Thanks & Regards

We need to work with Mark Hurd & Safra Catz to further distribute their budgets. Mark Hurd's budgeting sheet is presented to him to further distribute (sample is saved in [REDACTED]). Similarly, work with Safra to further distribute her stock budget (sample is saved in [REDACTED]). Be sure to add [REDACTED] to Safra's file.

For LJE's directs (non-executive), work with Safra to get their stock grant recommendations. The worksheet template is saved in [REDACTED].xslx.

For any additional budget requests from LOBs, go to Safra for approval. If Safra's directs need additional budget, they can go to Safra directly. We need all written approvals from Safra to consider the increase in budget.

- **CWB Processes:** All of the details on how to run the preliminary download and the participation process are saved in CWB under [REDACTED]. Be sure to manually remove [REDACTED] after participation process. They will be added back in at the very end when their grants are approved by the comp committee.

110}

- **Stock Grant Approval:** Once all LOBs have submitted their recommendations, download a stock worksheet at Larry's level and manually add [REDACTED] employee grants to this report. Pull together the [REDACTED] grants files for Safra's review. Sample files are saved in [REDACTED]. Safra will review these files and recommend changes. Once you get her feedback and final approval, make appropriate changes in CWB and then close the module by approving at LJE's level.

Once CWB is closed, run another worksheet download at LJE's level and manually add the [REDACTED] employees. This is now the base file both for eligibility and stock grant. The stock grants are approved by the Comp Committee at the end of June. The following reports are sent to the committee for review/approval:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Formats for these files are saved in [REDACTED]

- **List of manager emails:** While you await final approval by the comp committee, gather the list of email addresses of the managers whose directs are receiving stock (provided those managers are also receiving a grant) by using the Compensation Workbench Worksheet Managers (XML) Report. Always remove Larry Ellison & managers in [REDACTED] from the list. Submit this list to [REDACTED] (Campbell Webb's group) in ST, and he will have his group create the distribution list for us. He is aware that we will have a very short turn-around time for this request, due to the nature of the beast (comp committee approval & communicating promptly following the approval).
- **Reports to Stock Services:** Stock services needs to be informed the same day the Compensation Committee approves the stock grant. A stock grant list for [REDACTED] is sent to them separately, as employees in [REDACTED] need to be informed on the same day by stock services. Stock services will confirm the grant price, which is used in all communications. [REDACTED] usually has a separate grant price and date than rest of the Company. Stock services will confirm the date and price for [REDACTED] as well. Also send the [REDACTED] of approved stock grant to Stock services (email id and country code should be included).
 - Run the Compensation Workbench Stock Report for Etrade (XML) report from CWB and send it to stock services for Fidelity to create and update stock accounts for all employees. Before sending this list to stock services, ensure that all employees are included in the report, and that the grant totals match the [REDACTED] employees & LJE will not appear in the 3rd party report, because they are not included in CWB. You need to point this out to stock services when sending the email.
- **Mails to HR and Managers when stock gets approved:** Once stock is approved by the Compensation Committee, emails are sent to all managers whose directs got stock grant (provided the manager also received stock) informing them that

grants have been approved. Please get the list of countries where managers can't communicate from Stock Services [REDACTED] and legal. Also send sample emails to both [REDACTED] & legal before sending to Managers.

Sample Mail to HR:

To: Line HR VPs

CC: CorpComp_team_us, [REDACTED] Regional Comp leads

We are pleased to announce that the FY09 Annual Stock Option grants have been approved.

Grant Date: July 3, 2008*

Grant Price: \$ 20.73 USD*

[REDACTED] grant date and price, TBD

Please do not communicate any grant information to employees in the following countries, since regulations require that these employees receive special written communication from Stock Services as their first communication.

[REDACTED]

For all other countries, please encourage managers to communicate the stock awards to their employees. Managers should review approved amounts as reflected in CWB-Stock prior to discussing with their employees as changes may have been made. We will soon be sending an email to managers encouraging them to begin communicating.

Also, please note that employees in [REDACTED] are required to and will soon receive notification from Stock Services in regards to their grants. By end of this month or early August, Stock Services will send written communication to employees in [REDACTED] as well.

Please forward to your HR Team as appropriate. Feel free to contact me if you have questions.

Thanks & Regards

Sample Mail to Manager: Be sure the email tells managers to tell their emps they will receive an Oracle Alert in ___ weeks and will see the option in their FID acct in ___ weeks.

We are pleased to announce that FY11 Annual Stock Grants have been approved.

Grant Date: July 1, 2010*

Grant Price: \$21.55 USD*

[REDACTED] grant date and price, TBD

Please note, you may not communicate any grant information to employees in the following countries, as legal requirements mandate that these employees receive

special written communication from Stock Services as their first communication:

[REDACTED]

Per statutory regulations, employees in [REDACTED] are required to, and will soon, receive notification from Stock Services in regards to their grants. By the end of July, or early August, Stock Services will send written communication to employees in [REDACTED]

For managers in [REDACTED] you should communicate the following to option recipients who are [REDACTED] nationals: [REDACTED]

[REDACTED]

Note, this restriction does not apply to [REDACTED] nationals.

For all other countries, please begin communicating the stock awards to employees. It is important that you review approved amounts as reflected in CWB-Stock prior to discussing with employees, as changes may have been made.

Managers may communicate annual option grant information to their employees by email, provided following text is included in each of their emails:

"The grant is subject to all of the terms and conditions of the Oracle's Amended and Restated 2000 Long-Term Equity Incentive Plan, which is included in the 2000 Long-Term Equity Incentive Plan Prospectus and can be found at [REDACTED] A copy of Oracle's Annual Report on Form 10-K is available for your review by going to: <http://www.oracle.com/investor> and clicking on '2009 Annual Report on Form 10-K.'"

Stock Services sends an email to each employee with grant information (# of shares, grant date, grant price, etc.), along with other required details a few weeks after the Annual Grant has been approved by the Comp Committee. They will wait until July 26th to begin sending this email in order to give managers time to communicate with their employees directly on a one-on-one basis, either verbally or via email.

Should you have any questions, feel free to contact [REDACTED]

Thank you,

Corporate Compensation

- **Employee Alerts:** Employee alerts are sent by AIT [REDACTED] through CWB. Stock Services sends the email address list and the email format to send via alert. Email format is sent to AIT for loading and the data from stock services is loaded in CWB using Generic Mass Upload (details provided in CWB Processes). AIT will confirm that data was uploaded correctly & that the alert was fired. Due to specific requirements/documents, Stock Services fires the alerts for [REDACTED]
- **Filing:** All approval emails for eligibility and budget need to be kept in hard copy for audit purposes. These, along with final stock approval are documented through compensation committee meetings and the binders, which are kept at HQ.
- **FINAL STEP:** Although the CWB stock module is not posted to HRMS, in order to officially close the module, you must run the post process some time after the alerts are fired. The instructions for running the post process are posted in the CWB User Manual section.
- **Updating Process Document:** If there are any changes in the above mentioned processes, please update the document so that it reflects the latest process at any given point of time.