Annual Stock Grant Process

Document last updated June 2013
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 PAKISTAN, KOREA TEMPS ARE ELIGIBLE

Mid February – Work with Eric Ball to put together Dephi 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 eligiblity documents & CWB link

Early May – Run participation process - CHECK FOR ELIGIBLE EMPLOYEES FROM SMALL COUNTRIES IN THE COUNTRY CODES THAT INCLUDE MULTIPLE COUNTRIES & REMOVE IF NECESSARY – ALSO, GET JAPAN RECIPIENT DISTRIBUTION FROM ALISON SIBREE

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]
- Create a new folder
- Rename for the period you are processing in format: “FYxx” where FY = the fiscal year. For example, Fiscal Year 07 the file would be named “FY07”

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 with [Redacted] (Students and Temp Excluded) 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 Japan, there are 2 legal entities:
    - OISSJ for PSoft/Siebel
    - Only OISSJ employees are eligible for stock. NOKK employees are not eligible for stock as they have a separate stock plan. Use Cost Centers to distinguish between them: NOKK ends with 050 and OISSJ ends with 50J.
  - [Redacted] has up till now not reached the mark. An exception has been approved for one employee [Redacted] to be eligible for stock focal.
  - [Redacted] has been but is not eligible for stock as it is a combination for small countries and no single country has [Redacted]
- Send mail to Global Group (Val, Jye, Monica & Don MacKay) 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:
- No new country has crossed the test as yet. (Or specify if any country has reached & confirm if eligibility should be changed.)
- Also please confirm the following:
  - [Redacted] will remain ineligible
  - [Redacted] remains ineligible. Although the total headcount is none of the countries individually in has [Redacted]
  - For only Career Levels M5 and above are eligible.
  - For Japan, OISSJ (for PSFT/Siebel) is eligible but Japan NOKK (for Oracle) remains ineligible.

501
Once Global team responds, send an email to legal (Kimberly Woolley) 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 E:/T Drive – comp/Focal Processes/Stock/Annual Stock Grant Eligibility CWB link.doc). Arthur Orozco in HR Ops helps in uploading the updated eligibility document to CWB.

In addition, the more formal eligibility document needs to be updated by Sujana Benjamin. Please note all changes in the official document and send it to her for updating. A sample of this document is saved in E:/T Drive – comp/Focal Processes/Stock/CWB-Stock-Eligibility-Document.doc.

Eligibility of all countries is checked again in March, April & May to see if any country has crossed [Redacted].

Important: There are few countries where there is a restriction on number of grants and total amount. This list is provided by legal (Kimberly Woolley) every year, so work with them to get the new list. All emails sent to legal need to be marked to Sue as well. Current restrictions are as follows:

- Less than 49 employees receive stock grant
- Less than 100 employees total with outstanding equity

➢ **Delphi data gathering:** Use the template saved in in E:/T Drive – comp/Process Documents/Internal Group Processes/Delphi FY11 Stock Allocations FINAL.xls. Create new column for upcoming grant, and send the file to Eric Ball to ensure that you have the complete employee list & accurate details for each. Eric 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 [Redacted] using [Redacted].

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

Notes: There have been a few instances where the EID & Emails do not match (likely because the email was updated after the fact). You can do a cross comparison against a CBR to find any discrepancies.

- **Security Profile Update**: User guide saved in [redacted] - [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 [redacted] - [redacted]. 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 Susan Charley.

**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 E:/T Drive – comp/Process Documents/Stock Focal/Competitive Stock Data Format.xls.

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: All US (Includes technical and non-technical and excludes sales), Technical (Includes functions IT, prodev and support), Non – Technical (Includes functions admin, busprac, cons, facs, finance, HR, legal, mandulist, market and train) and Sales (Includes functions sales and presales). Within each classification, data is shown for Individual Contributor, Senior Individual Contributor, Manager, Director, Senior Director and VP. Market data is provided only for All US VP level; for rest of the groups, market data is not available for VP level.

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<thead>
<tr>
<th>Level</th>
<th>Oracle Level</th>
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<tr>
<td>IC</td>
<td>IC0, IC1, IC2 &amp; IC3</td>
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<tr>
<td>SIC</td>
<td>IC4, IC5 &amp; IC6</td>
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<tr>
<td>Manager</td>
<td>M1, M2 &amp; M3</td>
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<td>Director</td>
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<td>Snr Director</td>
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<td>VP</td>
<td>M6</td>
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Two budget sheets are prepared. One is for Compensation Committee and one proforma for Safra. **Add Delphi, remove all IC0s, students & temps**

For Compensation Committee: Format is saved in E:/T Drive – comp/Process Documents/Stock Focal/Stock Budget_FY10_Compensation Committee.xls

- This shows option grants for Executives only. Always show this year’s grant column for Comp Committee members to enter proposed stock grant. Also check with Susan Charley if there is an addition or deletion to the list.
- 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.
- 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 India from Int'l in this tab. Please check with Susan Charley.
- This shows change in headcount from last year to this year. For this report use latest CBR (show only eligible headcount; remove student, temp and employees not eligible as per eligibility document). Include Delphi employees (list is provided by Eric Ball). Also use last years eligibility and actual stock grant file for this report. *May need to pull out India in this tab as well.

Line of Businesses:
- Rozwat: Support, GIT & Education
- Hurd: divide up by each of his directs & further by each GBU
- Catz:
  - Others: Richard Allison, Clare Dolan, Kenneth Glueck and Douglas Kehring, Cindy Reese
  - F&A – Rest All

For Safra’s Proforma: Format is saved in E:/T Drive – comp/Process Documents/Stock Focal/Proforma Stock Budgeting Modeling Worksheet.xls

For this report, use latest CBR (show only eligible headcount; remove students, temps, IC0s and employees not eligible as per eligibility document). Include Delphi employees (list is provided by Eric Ball). Also use previous year’s eligibility and actual stock grant file for this report. Be sure to use prior year grants for LJE & EC rows, NOT averages.

Line of Businesses:
- Rozwat:
  - Education - Reporting to John Hall.
  - IT – Reporting to Mark Sunday
  - Support - Rest all appear under Support
- Catz:
  - F&A – Rest All
▪ Others: Richard Allison, Clare Dolan, Kenneth Glueck and Douglas Kehring

➢ **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 E:/T Drive – comp/Process Documents/Stock Focal/HR CWB Training.ppt

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

For US training send mails to: hrmgr_us@oracle.com and hrreps_us@oracle.com
Copy all HR Heads and Corp Comp on the same: Susan Charley, Victoria Thrasher, Anje Dodson and Elizabeth Snyder.

**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, Crystal Vignola

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:

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<tr>
<th>OPTIONS Total Global Proposed</th>
<th>OPTIONS U.S.</th>
<th>OPTIONS India</th>
<th>OPTIONS Int'l</th>
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**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.

<table>
<thead>
<tr>
<th>Corporate Compensation Approval Deadlines</th>
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<tr>
<td>May 26th Stock budgets published in CWB for Execs</td>
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<tr>
<td>June 11th CWB Stock module closes - all recommendations must be submitted by COB PDT.</td>
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<tr>
<td>June 15th Corporate Compensation forwards stock recommendations to Larry Ellison's office for review/approval.</td>
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<tr>
<td>June 29th Compensation Committee of the BOD meets to review/approve grants.</td>
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*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, Liz Snyder, Vance Kearney, Alison Sibree
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 E:/T Drive – comp/Process Documents/Phillips_Stock Budget FY11 FINAL.xls). Similarly, work with Safra to further distribute her stock budget (sample is saved in E:/T Drive – comp/Process Documents/Internal Group Processes/Stock Focal/Catz stock budget model 1Jun2010.xlsx). Be sure to add Delphi 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 E:/T Drive – comp/Process Documents/LJE Directs individual allocation.xlsx.

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 CWB Documents: User Manual. Be sure to manually remove EC from CWB after participation process. They will be added back in at the very end when their grants are approved by the comp committee.
Stock Grant Approval: Once all LOBs have submitted their recommendations, download a stock worksheet at Larry’s level and manually add Delphi employee grants to this report. Pull together the Alpha Listing and Top 300 grants files for Safra’s review. Sample files are saved in E:/T Drive – comp/Kwaggoner/Stock FY11. 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 Delphi 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:

- Alpha Listing of all Grants
- FYXX Executive Grants
- Top 300 Grants
- FYXX Annual Grant Summary

Formats for these files are saved in E:/T Drive – comp/Compensation Committee/FY11 Comp Committee/1 July 2010/Agenda 1

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 Belgium, Malaysia & Australia from the list. Submit this list to Paul Donnelly (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 Belgium is sent to them separately, as employees in Belgium need to be informed on the same day by stock services. Stock services will confirm the grant price, which is used in all communications. France usually has a separate grant price and date than rest of the Company. Stock services will confirm the date and price for France as well. Also send the Alpha list 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 Alpha list. Delphi 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 (Rita Dickson) and legal. Also send sample emails to both Rita & legal before sending to Managers.

Sample Mail to HR:
To: Line HR VPs
CC: CorpComp_team_us, Rita Dickson Susan Charley, 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: $ X USD*
*France 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.
-Malaysia
-Belgium

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 Belgium 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 Malaysia 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: $ X USD*
*France 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:

-Malaysia
-Belgium

Per statutory regulations, employees in Belgium 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 Malaysia.

For managers in China, you should communicate the following to option recipients who are PRC nationals: The Company has lodged an application with the PRC State Administration of Foreign Exchange (SAFE) to allow the company to continue to operate the Plan in China. The application is currently pending and until the company receives SAFE’s approval, PRC nationals will not be permitted to exercise these options. We cannot give any assurances regarding when SAFE approval will be obtained, but the company's representatives are working closely with SAFE to get this approval as promptly as possible. Note, this restriction does not apply to non-PRC 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 http://hrweb.us.oracle.com/benefits/option.htm. 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 corpcomp_us@oracle.com.

Thank you,

Corporate Compensation
- **Employee Alerts:** Employee alerts are sent by AIT (Linda Zhao) 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 Japan, China, Great Britain, Russia, Ireland, France, Australia, Malaysia & Belgium.

- **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.