

ORACLE CORP  
Form DEFA14A  
October 16, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**Oracle Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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  - (4) Date Filed:



Investor Presentation  
October 2014

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Executive Summary  
Pay-for-Performance.

We  
substantially  
strengthened  
our  
executive  
compensation  
plan  
by:  
1)  
making  
50%  
of  
long-term

equity performance based;  
2) Requiring material long-term outperformance for vesting; 3) Allowing vesting for PSUs to go to zero for underperformance  
Strong Performance and Commitment to Stockholder Returns.  
Oracle had Total Revenues of \$38.3B for FY2014. Approximately 90% of aggregate FY2013 and FY2014 Free Cash Flow, or roughly \$24.4B was returned to Oracle stockholders  
Strong Governance Practices.  
We have a strong, independent Board that serves the interests of stockholders and we are committed to best practices in corporate governance and pay governance  
Stockholder Engagement.  
During

our  
last  
fiscal  
year,  
members  
of  
our  
Board  
met  
with  
investors  
and  
shared  
the  
diverse  
and  
wide-ranging  
feedback  
with  
the  
full  
Board.  
We  
made  
changes  
to  
our  
executive  
compensation  
for  
FY2015  
based  
on  
common  
elements  
of  
the

investor feedback. We are engaging in additional meetings to gauge investor reactions to these changes and seek support for the 2014 Annual Meeting

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Overview of Oracle

Cloud

4% of Revenue

US\$38.3 billion total GAAP revenue in FY 2014

100% of the Fortune 100 are customers

Over 400,000 customers in 145+ countries

Invested \$5.2 billion in R&D in FY2014

More than 120,000 employees

#1 provider of enterprise software worldwide and leading provider of hardware and services for

Oracle database and middleware software, application software, cloud infrastructure, and hardware systems

Asia Pacific

16% of Revenue

EMEA

31% of Revenue



Americas  
53% of Revenue  
On-Premise Software  
72% of Revenue  
Hardware  
14% of  
Revenue  
Services  
10% of  
Revenue

Company Transformation

One  
of  
Oracle's  
primary  
areas  
of  
focus  
over  
the  
next  
few  
years  
is  
becoming  
the  
#1  
company

in  
cloud  
computing s  
two  
most  
profitable  
segments

SaaS  
and  
PaaS  
Software Revenue  
Cloud Revenue

4  
FY10  
FY11  
FY12  
FY13  
FY14

IaaS  
SaaS/PaaS

+88%  
+12%  
4 Year  
CAGR

0  
5  
10  
15  
20  
25  
30

FY10  
FY11  
FY12  
FY13  
FY14  
Software and Cloud  
4 Year  
CAGR

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Demonstrated Results  
~ 90% of FY13/FY14 Free Cash Flow Returned  
to Stockholders  
Free Cash Flow Grew 14% CAGR  
EPS Grew 14% CAGR  
Source:  
GAAP  
results  
except  
for  
EPS  
and  
Free  
Cash  
Flow.  
GAAP

to  
Non-GAAP  
reconciliations  
are  
available  
at  
[www.oracle.com/investor](http://www.oracle.com/investor)  
Stock  
chart:  
FactSet  
Research.  
Prices  
for  
the  
last  
10  
years  
were  
indexed  
(10/04

9/14)

5

0

2

4

6

8

10

12

14

FY10

FY11

FY12

FY13

FY14

Buybacks

Dividends

FY10

FY11

FY12

FY13

FY14

\$8.5B

\$10.8B

\$13.1B

\$13.6B

\$14.3B

FY10

FY11

FY12

FY13

FY14

\$1.67

\$2.22

\$2.46

\$2.68

\$2.87

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

Oracle

S&P 500

Nasdaq

Dow Jones

Oracle Stock Has Outperformed

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Significant Compensation Changes for FY 2015

We made significant changes for FY 2015

Introduced Performance Stock Units ( PSUs )

PSUs are earned based on relative or absolute performance depending on each NEO s position

PSUs are long-term, performance based, and subject to robust metrics tailored to business responsibilities

Significantly reduced number of shares subject to stock option granted to Mr. Ellison, Ms. Catz, and Mr. Hurd

consistent with areas of investor focus

Performance-based (relative and absolute) compensation

Long-term performance periods

Quantum of pay and dilution

6

The Board and Compensation Committee have taken steps to meaningfully enhance our compensation

program and increase responsiveness to our stockholders

We engaged with 13 of our top 20 stockholders, representing approximately 30% of unaffiliated shares in the last fiscal year to hear their views and discuss areas of concern regarding governance and compensation



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Compensation Program Overview & Objectives

\* Excludes

approximately

1%

tied

to

All

Other

Compensation

(e.g.,

the

amount

related

to

all

perquisites  
and  
other  
personal  
benefits)

Our goal: Align the interests of executive officers with those of stockholders; provide incentives to executive officers for superior performance; and attract and retain highly talented and productive executive officers

Compensation

Element

Designed  
to Reward

Annual & Long-Term Incentive Metrics

% of

2014

NEO

Comp\*

Performance-

Based/

At Risk

Base Salary

Experience, industry

knowledge, duties,

scope of responsibility

N/A

2%

Annual

Performance-

Based

Cash

Bonus

Success in achieving

annual results

Bonus

based

on

growth

in

non-GAAP

Pre-Tax

Profits

from

FY2013 to FY2014

If non-GAAP pre-tax profits do not grow Y-o-Y, no bonus is paid

\$0 bonus in FY2013 and 16% of target bonus in FY2014

1%

Long-Term

Incentive

Compensation

Success in achieving

sustainable long-term  
results  
50% of target PSUs are tied to relative growth in total consolidated  
revenues  
on a U.S. GAAP basis  
50% of target PSUs are tied to relative growth in total consolidated  
operating cash flow (OCF)  
Objective  
relative  
performance  
metrics

both  
revenue  
and  
OCF  
growth  
requires  
relative  
performance  
above  
the  
weighted  
average  
of  
the  
peer  
group  
for  
target  
payout,  
and  
performance  
in  
the  
bottom quartile of peer group results in zero payout  
96%

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Compensation Best Practices

Vast

majority

of

executive

compensation

is

at

risk

or

performance

based

o

96% of Named Executive Officer ( NEO ) compensation is equity-based

o

50% of NEO long-term incentives are now structured as long-term, performance-based units

o

Annual incentive bonus is based on rigorous, objective metrics

Strong historical pay-for-performance alignment

Engagement efforts with investors on executive compensation

o

In

the

last

fiscal

year,

we

engaged

with

13

our

top

20

investors

representing

approximately

30%

of

the

unaffiliated shares

o

Directors participated in a majority of these engagements

Meaningful stock ownership guidelines for NEOs and directors, with executives and directors holding 25% of Oracle's stock

Double trigger change-in-control benefits under equity plan

Clawback policy for executive officers

Independent compensation consultant

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Sound Corporate Governance Practices

Annual director elections

Stockholder ability to call a special meeting

Stockholder ability to act by written consent

Director majority voting policy

Diverse and experienced Board with significant stockholder representation

Independent Presiding Director

Committees are 100% independent

Active and engaged Board, with several independent directors serving on multiple committees, participating

in

key

customer

events

(e.g.,

Oracle  
OpenWorld  
and  
Oracle  
President  
Council  
Forums)

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Proxy Access Stockholder Proposal

The Oracle Board of Directors opposes the proxy access proposal submitted by The Nathan Cummings Foundation and certain other stockholders for the following reasons and requests that stockholders vote against this proposal:

Existing Governance Mechanisms Ensure Board Accountability

All directors elected annually with majority vote standard

Directors who fail to receive majority vote must tender their resignations for Board consideration

No supermajority stockholder voting requirements and no poison pill

Stockholders already have the right to call special stockholder meetings (subject to conditions in the Oracle bylaws)  
Stockholders Currently Have Avenues to Communicate with the Board



Stockholders may communicate with any director in writing

Stockholders have the ability to submit proposals through 14a-8

Proxy Access Undermines Processes of the Nomination and Governance Committee

N&G Committee specifically tasked to find the right nominees with the appropriate skill sets the Oracle Board needs

Proxy Access would allow for a nominee with a narrow focus beholden to one specific special interest group to potentially join

Potentially Adverse Consequences if Oracle Board Were to Adopt Proxy Access

Encourages short term focus for the benefit of one group of stockholders rather than the long term benefit for all stockholders

Significant disruption to Oracle's management team and the Board as a result of dealing with distraction of divisive proxy contests

stockholders

Potential disruption to the effective operation of existing Board with special interest directors creating dissention and precluding

function effectively

Potentially discourages highly qualified director candidates from serving on the Oracle Board

Both time and financial resources would be deployed to deal with proxy contests which is a distraction from the goal of increasing

Stockholders may propose director nominees to the Nomination and Governance Committee for consideration

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"Safe

Harbor"

Statement:

Statements

in

this

presentation

relating

to

Oracle's

future plans, expectations, beliefs, intentions and prospects are "forward-  
looking statements" and are subject to material risks and uncertainties. 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 presentation is current as of October 15, 2014.

Oracle undertakes no duty to update any statement in light of new information or future events.

SAFE HARBOR STATEMENT

