

ORACLE CORP
Form DEF 14A
September 28, 2017
Table of Contents

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)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

500 Oracle Parkway

Redwood City, California 94065

September 28, 2017

To our Stockholders:

You are cordially invited to attend the 2017 Annual Meeting of Stockholders of Oracle Corporation. Our Annual Meeting will be held on Wednesday, November 15, 2017, at 10:00 a.m., Pacific Time, in the Oracle Conference Center, located at 350 Oracle Parkway, Redwood City, California.

We describe in detail the actions we expect to take at the Annual Meeting in the attached Notice of 2017 Annual Meeting of Stockholders and proxy statement. We have also made available a copy of our Annual Report on Form 10-K for fiscal 2017. We encourage you to read the Form 10-K, which includes information on our operations, products and services, as well as our audited financial statements.

This year, we will again be using the Notice and Access method of providing proxy materials to stockholders via the Internet. We believe that this process provides stockholders with a convenient and quick way to access the proxy materials and vote, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials. We will mail to most of our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and the Form 10-K and vote electronically via the Internet. This notice will also contain instructions on how to receive a paper copy of the proxy materials. All stockholders who do not receive a notice will receive a paper copy of the proxy materials by mail or an electronic copy of the proxy materials by email. See Questions and Answers about the Annual Meeting beginning on page 77 for more information.

Please use this opportunity to take part in our corporate affairs by voting your shares on the business to come before this meeting. **Whether or not you plan to attend the meeting, please vote electronically via the Internet or by telephone, or, if you requested paper copies of the proxy materials, please complete, sign, date and return the accompanying proxy card or voting instruction card in the enclosed postage-paid envelope.** See How Do I Vote? on page 5 of the proxy statement for more details. Voting electronically, by telephone or by returning your proxy card does NOT deprive you of your right to attend the meeting and to vote your shares in person for the matters acted upon at the meeting. If you cannot attend the meeting in person, we invite you to watch the meeting via webcast by going to www.oracle.com/investor.

Sincerely,

Lawrence J. Ellison

Chairman and Chief Technology Officer

Table of Contents

500 Oracle Parkway

Redwood City, California 94065

NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS

| | |
|--------------------------|--|
| TIME AND DATE | 10:00 a.m., Pacific Time, on Wednesday, November 15, 2017 |
| PLACE | Oracle Conference Center, 350 Oracle Parkway, Redwood City, CA 94065 |
| LIVE WEBCAST | Available on our website at www.oracle.com/investor , starting at 10:00 a.m., Pacific Time, on Wednesday, November 15, 2017 |
| ITEMS OF BUSINESS | <ol style="list-style-type: none">(1) To elect 12 director nominees to serve on the Board of Directors until our 2018 Annual Meeting of Stockholders.(2) To hold an advisory vote to approve the compensation of our named executive officers.(3) To hold an advisory vote on the frequency of future advisory votes on the compensation of our named executive officers.(4) To approve the Oracle Corporation Amended and Restated 2000 Long-Term Equity Incentive Plan.(5) To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2018.(6) To consider and act on three stockholder proposals, if properly presented at the Annual Meeting.(7) To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof. |
| RECORD DATE | September 18, 2017 |
| PROXY VOTING | It is important that your shares be represented and voted at the Annual Meeting. You can vote your shares electronically via the Internet, by telephone or by completing and returning the proxy card or voting instruction card if you requested paper proxy materials. |

Voting instructions are provided in the Notice of Internet Availability of Proxy Materials, or, if you requested printed materials, the instructions are printed on your proxy card and included in the accompanying proxy statement. You can revoke a proxy at any time prior to its exercise at the Annual Meeting by following the instructions in the proxy statement.

**M E E T I N G
ADMISSION**

You are entitled to attend the Annual Meeting only if you are a stockholder as of the close of business on September 18, 2017, the record date, or hold a valid proxy for the meeting. **In order to be admitted to the Annual Meeting, you must present proof of ownership of Oracle common stock on the record date.** This can be a brokerage statement or letter from a bank or broker indicating ownership on September 18, 2017, the Notice of Internet Availability of Proxy Materials, a proxy card, or legal proxy or voting instruction card provided by your broker, bank or nominee. Any holder of a proxy from a stockholder must present the proxy card, properly executed, and a copy of the proof of ownership. **Stockholders and proxy holders must also present a form of photo identification such as a driver's license.** We will be unable to admit anyone who does not present identification or refuses to comply with our security procedures.

Dorian Daley

Executive Vice President, General Counsel and Secretary

September 28, 2017

Table of Contents**TABLE OF CONTENTS**

| | |
|--|----|
| <u>Proxy Statement Summary</u> | 1 |
| <u>How Do I Vote?</u> | 5 |
| <u>Board of Directors</u> | 6 |
| <u>Nominees for Directors</u> | 6 |
| <u>Board Meetings</u> | 11 |
| <u>Committees, Membership and Meetings</u> | 11 |
| <u>Director Compensation</u> | 14 |
| <u>Corporate Governance</u> | 17 |
| <u>Corporate Governance Guidelines</u> | 17 |
| <u>Proxy Access and Director Nominations</u> | 17 |
| <u>Majority Voting Policy</u> | 18 |
| <u>Board and Committee Performance Evaluations</u> | 19 |
| <u>Stock Ownership Guidelines for Directors and Senior Officers</u> | 19 |
| <u>Share Pledging and Our Prohibition on Speculative Transactions</u> | 19 |
| <u>Board Leadership Structure</u> | 20 |
| <u>Board's Role in Risk Oversight</u> | 20 |
| <u>Board of Directors and Director Independence</u> | 21 |
| <u>Director Tenure, Board Refreshment and Diversity</u> | 22 |
| <u>Stockholder Outreach</u> | 22 |
| <u>Communications with the Board</u> | 22 |
| <u>Employee Matters</u> | 23 |
| <u>Security Ownership of Certain Beneficial Owners and Management</u> | 24 |
| <u>Executive Compensation</u> | 26 |
| <u>Compensation Discussion and Analysis</u> | 26 |
| <u>Report of the Compensation Committee of the Board of Directors</u> | 42 |
| <u>Fiscal 2017 Summary Compensation Table</u> | 43 |
| <u>Grants of Plan-Based Awards During Fiscal 2017</u> | 45 |
| <u>Outstanding Equity Awards at 2017 Fiscal Year-End</u> | 46 |
| <u>Option Exercises and Stock Vested During Fiscal 2017</u> | 47 |
| <u>Fiscal 2017 Non-Qualified Deferred Compensation</u> | 47 |
| <u>Potential Payments Upon Termination or Change in Control</u> | 48 |
| <u>Equity Compensation Plan Information</u> | 49 |
| <u>Transactions with Related Persons</u> | 50 |
| <u>Legal Proceedings</u> | 52 |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u> | 52 |
| <u>No Incorporation by Reference</u> | 52 |
| <u>Management Proposals</u> | 53 |
| <u>Proposal No. 1: Election of Directors</u> | 53 |
| <u>Proposal No. 2: Advisory Vote to Approve the Compensation of our Named Executive Officers</u> | 54 |
| <u>Proposal No. 3: Advisory Vote on the Frequency of Future Advisory Votes on the Compensation of our Named Executive Officers</u> | 57 |
| <u>Proposal No. 4: Approval of the Oracle Corporation Amended and Restated 2000 Long-Term Equity Incentive Plan</u> | 58 |
| <u>Proposal No. 5: Ratification of Selection of Independent Registered Public Accounting Firm</u> | 66 |

| | |
|---|-----|
| <u>Report of the Finance and Audit Committee of the Board of Directors</u> | 68 |
| <u>Stockholder Proposals</u> | 69 |
| <u>Proposal No. 6: Stockholder Proposal Regarding Political Contributions Report</u> | 69 |
| <u>Proposal No. 7: Stockholder Proposal Regarding Pay Equity Report</u> | 71 |
| <u>Proposal No. 8: Stockholder Proposal Regarding Proxy Access Reform</u> | 73 |
| <u>Stockholder Proposals for the 2018 Annual Meeting</u> | 76 |
| <u>Questions and Answers about the Annual Meeting</u> | 77 |
| <u>Other Business</u> | 82 |
| <u>Householding</u> | 82 |
| <u>Appendix A: Oracle Corporation Amended and Restated 2000 Long-Term Equity Incentive Plan</u> | A-1 |

2017 Annual Meeting of Stockholders

Table of Contents

PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. For more complete information about these topics, please review our Annual Report on Form 10-K for fiscal 2017 and the entire Proxy Statement. Fiscal 2017 began on June 1, 2016 and ended on May 31, 2017. Fiscal 2018 began on June 1, 2017 and ends on May 31, 2018.

The Notice of Internet Availability of Proxy Materials, this Proxy Statement and the accompanying proxy card or voting instruction card, including an Internet link to our Annual Report on Form 10-K for fiscal 2017, were first made available to stockholders on or about September 28, 2017.

2017 Annual Meeting of Stockholders

Date and Time

Wednesday, November 15, 2017

10:00 a.m., Pacific Time

Live Webcast

Available on our website at www.oracle.com/investor, starting at 10:00 a.m., Pacific Time, on Wednesday, November 15, 2017

Place

Oracle Conference Center

350 Oracle Parkway

Redwood City, CA 94065

Attendance

You are entitled to attend the Annual Meeting only if you are a stockholder as of the close of business on September 18, 2017, the record date, or hold a valid proxy for the meeting. **If you plan to attend the Annual Meeting, you will need to provide photo identification, such as a driver's license, and proof of ownership of Oracle common stock as of September 18, 2017 in order to be admitted.** We will be unable to admit anyone who does not present identification or refuses to comply with our security procedures.

Record Date

September 18, 2017

Voting Roadmap

| Agenda Item | Board Recommendation | Page |
|---|-----------------------------|-------------|
| <u>Election of 12 directors</u> | For Each Nominee | 53 |
| <u>Advisory vote to approve the compensation of our named executive officers (NEOs)</u> | For | 54 |

| | | |
|--|-----------------|----|
| <u>Advisory vote on the frequency of future advisory votes on the compensation of our NEOs</u> | One Year | 57 |
| <u>Approval of the Oracle Corporation Amended and Restated 2000 Long-Term Equity Incentive Plan</u> | For | 58 |
| <u>Ratification of selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2018</u> | For | 66 |
| <u>Stockholder proposals</u> | Against | 69 |

Corporate Governance Highlights

| |
|--|
| Stockholder proxy access right adopted in June 2016 |
| Majority of independent directors (8 out of 12) and 100% independent Board committees |
| 33% of Board members are women or come from a diverse background |
| Ongoing Board refreshment, with new independent directors added in fiscal 2016 and fiscal 2015 |
| Active stockholder outreach and engagement program |
| Annual director elections |
| Director majority voting policy |
| Separate Chairman and Chief Executive Officer roles |
| Lead independent director |
| Single class of voting stock and no supermajority voting provisions |
| Annual Board and committee performance evaluations |
| Robust director and senior officer stock ownership guidelines |
| Anti-hedging policy applicable to all employees and directors |
| Stockholders representing at least 20% of the outstanding votes have the right to call a special meeting |
| Stockholder right to act by written consent |

Table of Contents**Director Nominees**

In Proposal No. 1, we are asking you to vote FOR each of the 12 director nominees listed below. Each director attended at least 75% of all Board meetings and applicable committee meetings during fiscal 2017.

| Nominee | Director | | Independent | Current Committees |
|---|----------|-------|-------------|---------------------------|
| | Age | Since | | |
| Jeffrey S. Berg | 70 | 1997 | | Independence (Chair) |
| Chairman of Northside Services, LLC; Former Chairman and Chief Executive Officer (CEO), International Creative Management, Inc. | | | | Governance |
| Michael J. Boskin* | 71 | 1994 | | Finance and Audit (Chair) |
| Tully M. Friedman Professor of Economics and Hoover Institution Senior Fellow, Stanford University | | | | |
| Safra A. Catz | 55 | 2001 | | |
| CEO, Oracle Corporation | | | | |
| Bruce R. Chizen | 62 | 2008 | | Governance (Chair) |
| Senior Adviser to Permira Advisers LLP; Venture Partner, Voyager Capital; Former CEO, Adobe Systems Incorporated | | | | Finance and Audit |
| George H. Conrades | 78 | 2008 | | Compensation |
| Chairman and former CEO, Akamai Technologies, Inc.; Venture Partner, Longfellow Venture Fund | | | | Independence |
| Lawrence J. Ellison | 73 | 1977 | | |
| Chairman, Chief Technology Officer (CTO) and Founder, Oracle Corporation | | | | |
| Hector Garcia-Molina | 63 | 2001 | | Independence |
| Leonard Bosack and Sandra Lerner Professor, Departments of Computer Science and Electrical Engineering, Stanford University | | | | |
| Jeffrey O. Henley | 72 | 1995 | | |
| Vice Chairman of the Board, Oracle Corporation | | | | |
| Mark V. Hurd | 60 | 2010 | | |
| CEO, Oracle Corporation | | | | |
| Renée J. James | 53 | 2015 | | Compensation (Chair) |
| | | | | Finance and Audit |

| | | | |
|--|----|------|------------|
| Operating Executive, The Carlyle Group; Former President, Intel Corporation | | | |
| Leon E. Panetta | 79 | 2015 | Governance |

| | | | |
|--|----|------|------------------------------|
| Co-founder and Chairman, Panetta Institute for Public Policy; Former U.S. Secretary of Defense; Former Director of the Central Intelligence Agency | | | |
| Naomi O. Seligman | 79 | 2005 | Compensation (Vice Chair) |

Senior Partner, Ostriker von Simson, Inc.
 * Current lead independent director. See Corporate Governance Board Leadership Structure on page 20 for more information.

Active and Engaged Board

We have an active and engaged Board that is committed to fulfilling its fiduciary duty to act in good faith in the best interests of our company and all of our stockholders. The number of Board and committee meetings held in fiscal 2017 is set forth below.

2 2017 Annual Meeting of Stockholders

Table of Contents

Stockholder Outreach and Board Responsiveness

We have a long tradition of engaging with our stockholders to solicit their views on a wide variety of issues, including corporate governance, environmental and social matters, executive compensation and other issues.

Independent Director Engagement. On a regular basis, certain of our independent directors travel to the U.S. East Coast for in-person meetings with a number of our large institutional stockholders at their offices. Our independent directors also hold meetings with stockholders in-person at Oracle headquarters or telephonically. Our Board believes these meetings are important because they foster a relationship of accountability between our Board and stockholders and help us better understand and respond to our stockholders' priorities and perspectives.

Fiscal 2018 3 independent directors held meetings with 10 institutional stockholders representing approximately 22% of our outstanding unaffiliated shares

Fiscal 2017 4 independent directors held meetings with 9 institutional stockholders representing approximately 18% of our outstanding unaffiliated shares, and offered to meet with stockholders representing an additional 4% of our outstanding unaffiliated shares

Executive Director Engagement. As part of our regular Investor Relations engagement program, our executive directors hold meetings with a number of our institutional stockholders throughout the year. We also hold an annual financial analyst meeting at Oracle OpenWorld in San Francisco where analysts are invited to hear presentations from key members of our management team, including our executive directors. In fiscal 2017, our executive directors held meetings with stockholders representing approximately 43% of our outstanding unaffiliated shares. (All percentages calculated based on data available as of June 30, 2017.)

Board Responsiveness. Below is a summary of recent feedback we have received from our stockholders and our Board's response.

| What We Heard | Our Board's Response |
|---|---|
| Equity awards should not vest based only on the passage of time | 100% of NEO Equity Compensation Granted in FY18 is Performance-Based. In fiscal 2018, each currently employed named executive officer (NEO) received an equity award consisting entirely of performance-based stock options (Performance Options) that may be earned only upon the attainment of rigorous stock price, market capitalization and operational performance goals over a five-year performance period. See pages 29 to 30 for details on the Performance Options. |
| Performance metrics should better align with stockholder value | New Rigorous Performance Goals Tied to Oracle's Cloud Growth and Returning Value to Stockholders. Six of the seven Performance Option tranches may be earned only if Oracle satisfies a combination of (1) an operational performance goal tied to significant growth of Oracle's cloud business <u>and</u> (2) a substantial increase in Oracle's market capitalization. The seventh Performance Option tranche may be earned only upon significant |

| | |
|--|--|
| | <p>growth in Oracle's stock price. Thus, even if Oracle's cloud business grows, the Performance Options will not vest unless Oracle delivers significant value to stockholders in the form of stock price and market capitalization growth.</p> |
| <p>NEO compensation is high</p> | <p>Significant Decrease in Equity Compensation Value. The Performance Options will result in a decrease in equity compensation value for the currently employed NEOs. When the grant date fair value of the awards is annualized over the five-year performance period, it represents a 47% decrease from fiscal 2017 equity award values for Mr. Ellison, Ms. Catz and Mr. Hurd and a 59% decrease from fiscal 2017 equity award value for Mr. Kurian.</p> |
| <p>Long-term equity awards should have a minimum three-year performance period</p> | <p>Five-Year Performance Period. The Performance Options may be earned over a five-year performance period. The Performance Options were granted with the expectation that no additional equity awards will be granted to the currently employed NEOs until 2022 at the earliest.</p> |
| <p>Although the Board has a significant percentage of women, continue to focus on Board diversity</p> | <p>Actively Seeking Women and Minority Board Candidates. In fiscal 2017, the Board amended its Corporate Governance Guidelines to affirm that the Governance Committee is committed to actively seeking women and minority candidates for the pool from which director candidates are selected. Presently 33% of Board members are women or come from a diverse background. Three of our 12 Board members are women, including one of our CEOs.</p> |
| <p>Add directors to the Board to maintain a mix of new and longer-tenured directors</p> | <p>Board Refreshment. The Board elected Ms. James and Secretary Panetta as directors in fiscal 2016 and fiscal 2015, respectively. The Governance Committee is continuing to meet with potential director candidates on an ongoing basis.</p> |
| <p>Fiscal 2018 Stockholder Feedback. In our recent meetings with stockholders, we received positive feedback regarding the Performance Options and our continued stockholder engagement. Specifically, our stockholders were pleased that all equity granted to our NEOs in fiscal 2018 was 100% performance-based with robust performance goals, and the equity will only be earned if stockholders also benefit. Stockholders also appreciated the reduction in equity compensation value for the NEOs.</p> | |

Table of Contents

Executive Compensation Highlights

Year-Over-Year Decreases in Reported Compensation

The aggregate compensation of our Chairman and CTO (as reported in the Summary Compensation Table) has decreased **57%** from fiscal 2012 through fiscal 2017. The aggregate reported compensation of our CEOs has decreased **23%** from fiscal 2015 through fiscal 2017 and **21%** from fiscal 2012 through fiscal 2017. In the same period (fiscal 2012 through fiscal 2017), our five-year absolute total stockholder return was **83%**.

Significant Fiscal 2018 Compensation Changes in Response to Stockholder Feedback

In fiscal 2018, each currently employed NEO received an equity award consisting entirely of Performance Options that may be earned only upon the attainment of rigorous stock price, market capitalization and operational performance goals over a five-year performance period. When the grant date fair value of Performance Options is annualized over the five-year performance period, it represents a **47% decrease** from fiscal 2017 equity award values for Mr. Ellison, Ms. Catz and Mr. Hurd and a **59% decrease** from fiscal 2017 equity award value for Mr. Kurian.

Compensation Best Practices

Best Practices We Employ

Practices We Avoid

Low dilution rates from equity awards

Compensation recovery (clawback) policy for cash bonuses in the event of a restatement

Robust stock ownership guidelines

Caps on maximum payout of bonus and PSU awards

Annual risk assessment of compensation programs

Independent compensation consultant and independent compensation committee

High proportion of NEO compensation is at-risk and performance-based