

PROXY Governance, INC.

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ORACLE CORP (NASDAQ : ORCL)

Annual Meeting

Record Date: 08/12/2008 Meeting Date: 10/10/2008

Classification: Russell 3000, S&P 500
Fiscal Year End: 05/31/2008
Market Capitalization: \$108.2B
Solicitor: D.F. King & Co.
Shareholder Proposal Deadline: 04/27/2009

- Investor Relations
- Proxy Statement
- SEC Filing 10k
- Company Description

Meeting Agenda

Proposals			Recommendations		
			Management	PROXY Governance	
MGT	1	Elect Nominees	FOR	SPLIT	Analysis
	1.1	JEFFREY O. HENLEY	FOR	FOR	
	1.2	LAWRENCE J. ELLISON	FOR	FOR	
	1.3	DONALD L. LUCAS	FOR	FOR	
	1.4	MICHAEL J. BOSKIN	FOR	FOR	
	1.5	JACK F. KEMP	FOR	FOR	
	1.6	JEFFREY S. BERG	FOR	WITHHOLD	
	1.7	SAFRA A. CATZ	FOR	FOR	
	1.8	HECTOR GARCIA-MOLINA	FOR	WITHHOLD	
	1.9	H. RAYMOND BINGHAM	FOR	FOR	
	1.10	CHARLES E. PHILLIPS, JR	FOR	FOR	
	1.11	NAOMI O. SELIGMAN	FOR	WITHHOLD	
	1.12	GEORGE H. CONRADES	FOR	FOR	
	1.13	BRUCE R. CHIZEN	FOR	FOR	
MGT	2	Approve 2009 Executive Bonus Plan	FOR	FOR	Analysis
MGT	3	Ratify Appointment of Auditors	FOR	FOR	Analysis
SH	4	Allow Advisory Vote on Executive Compensation	AGAINST	FOR	Analysis

MGT = Management, SH=Shareholder, SHB=Shareholder— binding proposal

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- Auditor Profile
- Vote Results

Proposal Analysis

Comparative Performance Analysis

PROXY Governance's Comparative Performance Analysis contains calculations and graphs that reflect a company's historical performance and that of its industry peers (listed below) based on certain key financial metrics generally over a five-year period.

Comparative Performance Analysis |

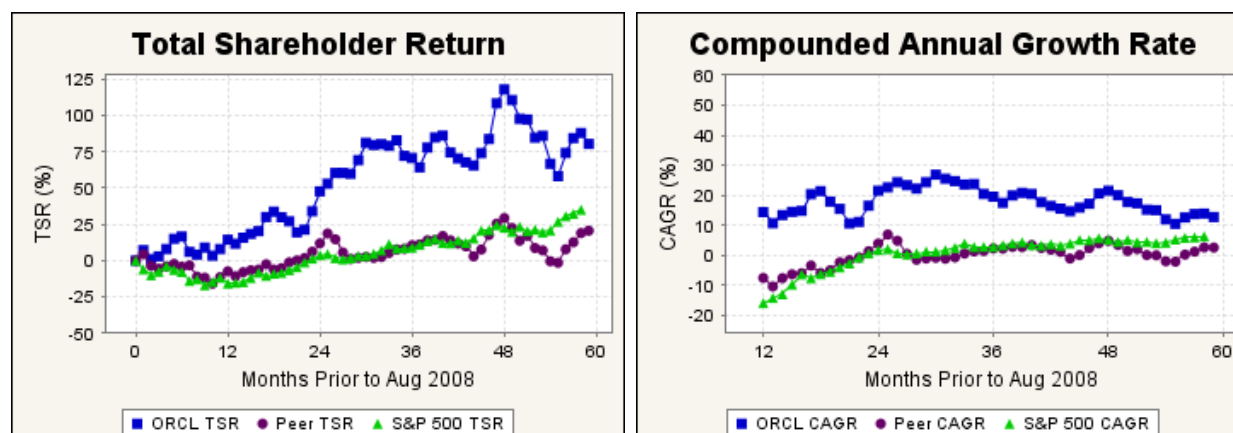
Peer Companies

For the Comparative Performance Analysis, generally up to 10 peer companies are selected primarily based on industry, but also considering market capitalization.

Peer Companies			
CA INC	EMC CORP/MA	INTL BUSINESS MACHINES CORP	MICROSOFT CORP
NOVELL INC	SAP AG -ADR	SUN MICROSYSTEMS INC	SYBASE INC

Comparative Performance Analysis

Comparative Return to Shareholders



Source: FAME North American Pricing [NAP]

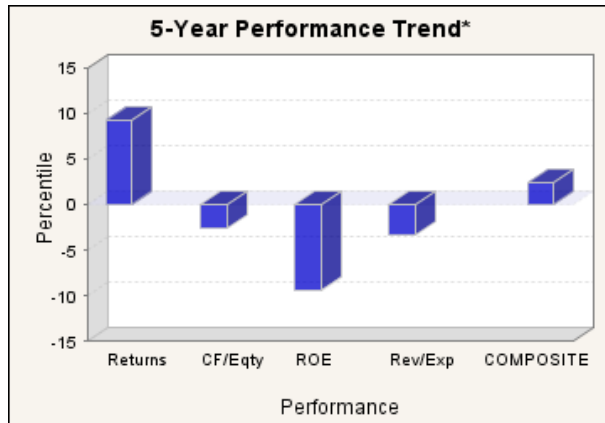
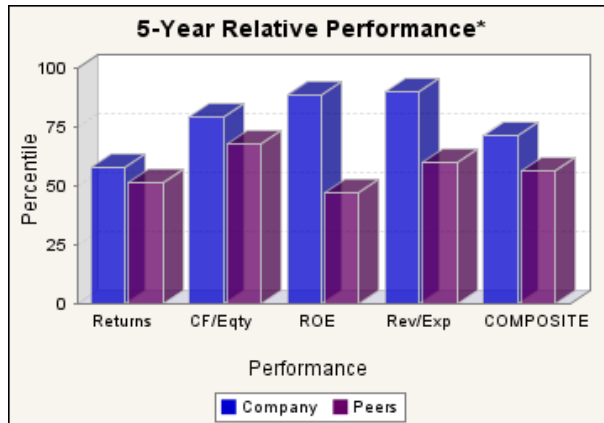
The graphs above depict total shareholder return and compounded annual growth rate at specific points in time over the past five years based on average monthly stock prices. The graphs should be read from left (present time) to right (60 months before present time). The graphs allow the user to determine either the company's total shareholder return or compounded annual growth rate to date based on an investment made at a specific point in time over the last five years. Assumes payment, but not reinvestment, of dividends.

Comparative Performance Analysis

Composite Performance Summary

Composite Performance:

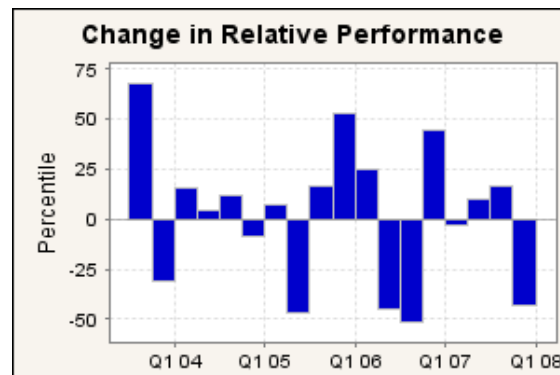
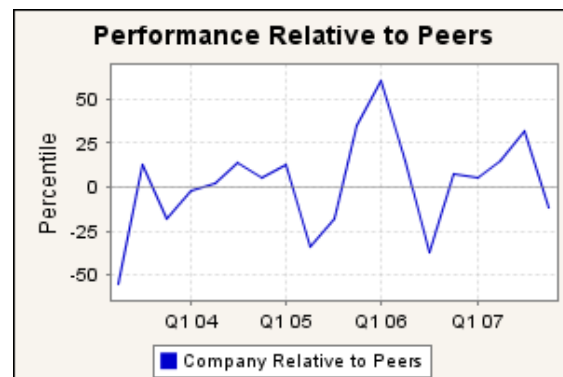
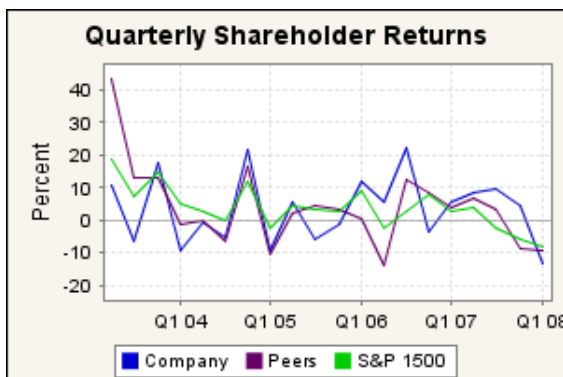
	Percentile relative to S&P 1500		Percentile Pts.
	Company	Peers	
Composite:	71	56	↑ 2
Quarterly Shareholder Returns:	58	52	↑ 9
Cash Flow from Operations/Equity:	79	68	↓ -3
Return on Equity:	89	47	↓ -9
Revenue/Expenses:	90	60	↓ -3



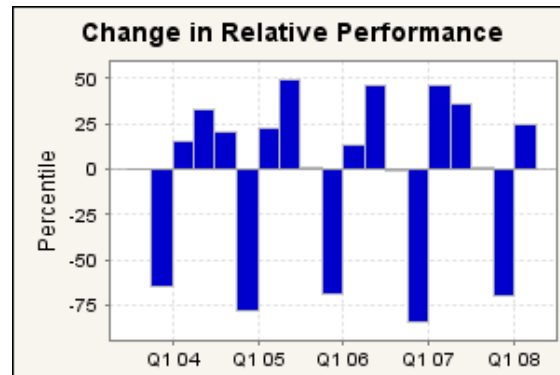
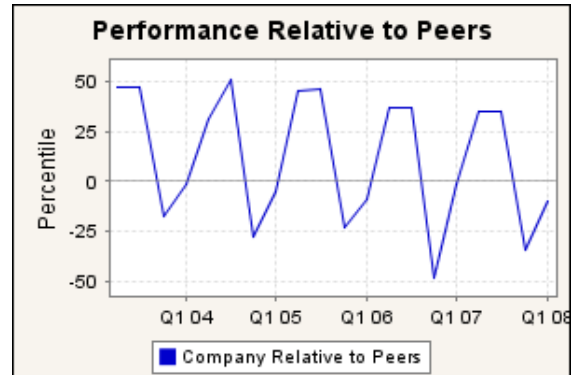
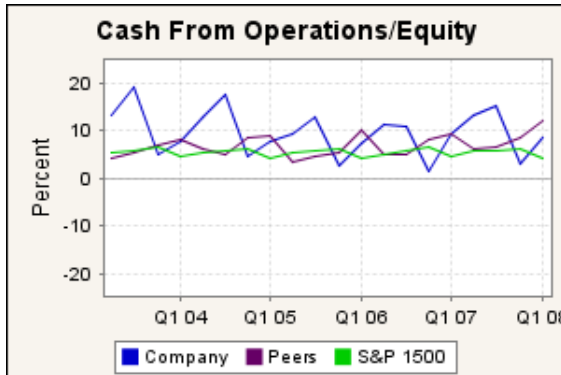
*Based on five-year data when available

Comparative Performance Analysis

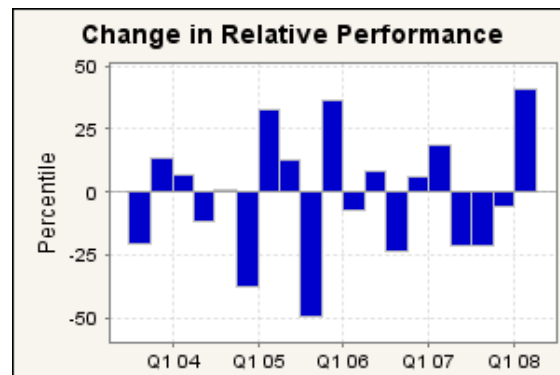
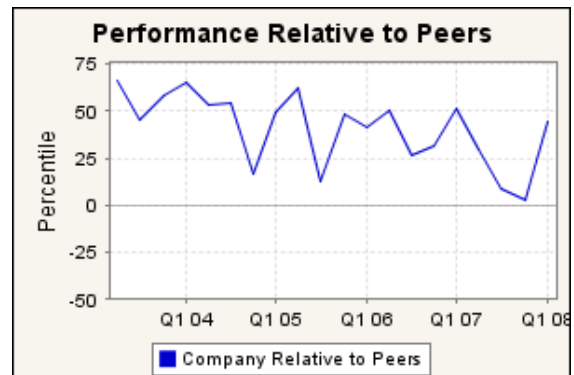
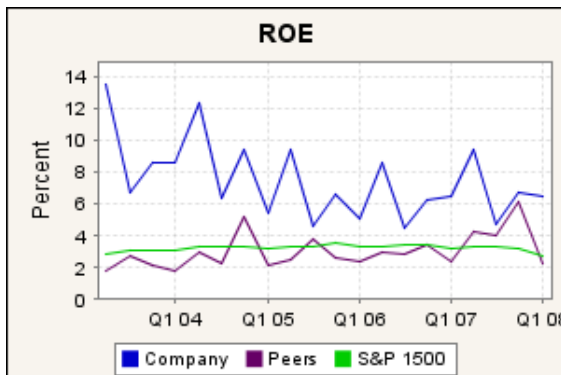
Performance Summary



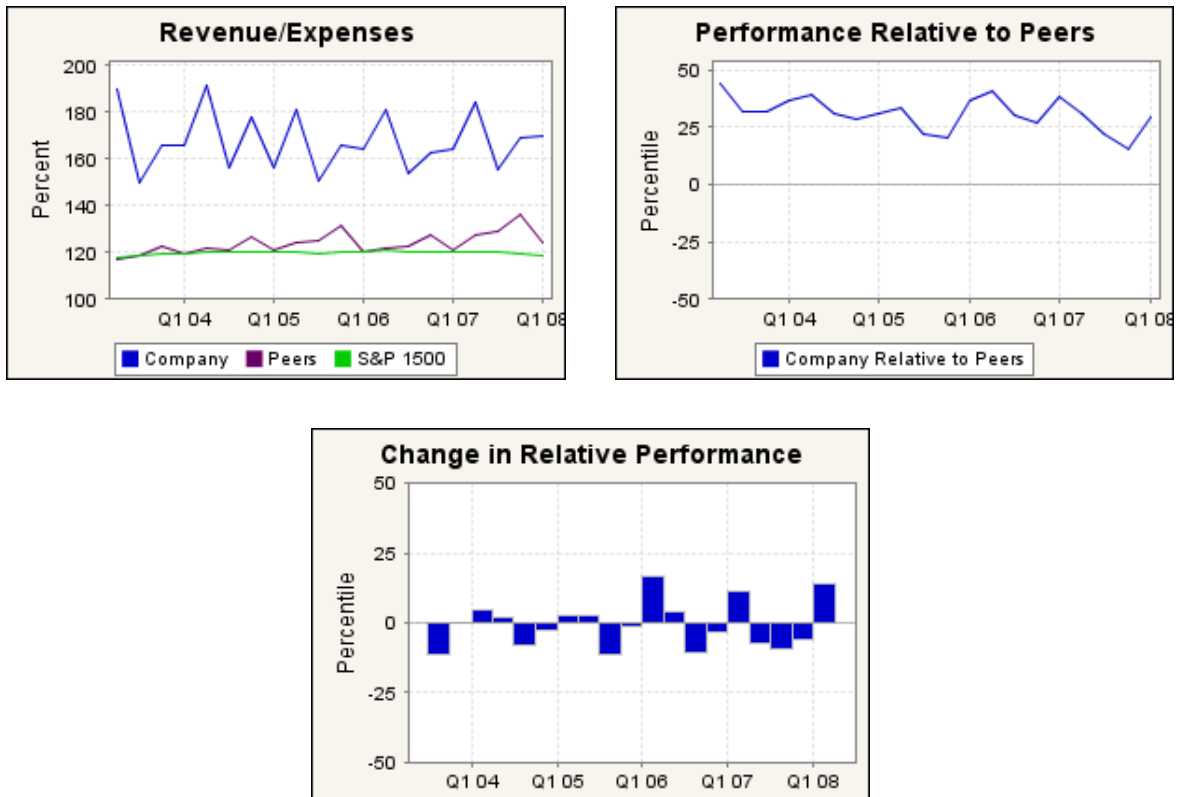
Source: Stock Price — North American Pricing [NAP]



Source: Cash Flow/Equity — Compustat



Source: ROE — Compustat



Source: Revenues/Expenses — Compustat

Governance Analysis

Governance Analysis

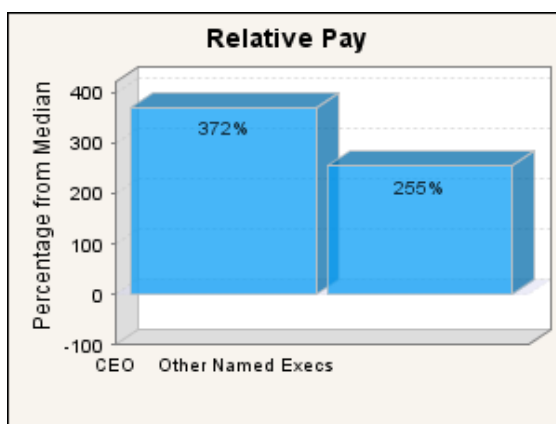
Executive Compensation

PROXY Governance evaluates a company's executive compensation over the last three years, as available, and compares that to the median compensation paid by its peers over the same time frame. For our compensation model, generally 20 peer companies are selected based on similarity of market capitalization and broad economic sector using the GICS. Only U.S. and certain U.S. reporting companies that are incorporated offshore are included in this peer group.

The graph that follows shows:

- The average three-year CEO compensation paid by the company expressed as a percentage from median peer compensation.
- The average three-year compensation paid to the company's other named executives (excluding the CEO) as a percentage from median peer compensation.

Domestic Peer Companies			
APPLE INC	CISCO SYSTEMS INC	DELL INC	GOOGLE INC
HEWLETT-PACKARD CO	INTEL CORP	INTL BUSINESS MACHINES CORP	QUALCOMM INC
TEXAS INSTRUMENTS INC	VERIZON COMMUNICATIONS INC		



Executive Compensation										
Executive	Salary	Bonus	Cash Incentive (Payout)	Equity Incentive (Target)	Stock Awards (GDV) ¹	Option Awards (GDV) ¹	Pension/Deferred Compensation	All Other	1-yr Pay	Avg. Pay ²
Lawrence J. Ellison CEO	\$1,000,000	\$0	\$10,779,000	\$0	\$0	\$70,261,125	\$0	\$1,447,000	\$83,487,125	\$75,605,101
Safra A. Catz President/CFO	\$800,000	\$0	\$6,467,000	\$0	\$0	\$40,149,214	\$0	\$18,080	\$47,434,294	\$41,432,678
Charles E. Phillips Jr. President	\$800,000	\$0	\$6,467,000	\$0	\$0	\$30,111,911	\$0	\$12,980	\$37,391,891	\$31,878,080
Keith Block EVP North America Sales and Consulting	\$800,000	\$0	\$3,909,000	\$0	\$0	\$15,055,955	\$0	\$14,876	\$19,779,831	\$18,510,164
Charles A. Rozwat EVP Product Development	\$600,000	\$0	\$4,590,000	\$0	\$0	\$10,037,304	\$0	\$22,879	\$15,250,183	\$14,730,882

¹Options calculated using a Black-Scholes valuation model. GDV = Grant Date Value.
²Average pay is based on three-years of pay data, when available.

As disclosed for fiscal year end 2008.

Governance Analysis

Board Profile

Name	Nominee	Term Ends	Not Ind.	Position	Audit	Comp.	Nom.	Age	Tenure	Other Board Seats	<75% Att.	No stock	Prev. yr. withhold votes	Total Compensation
Jeffrey S. Berg		2009				Chair		61	11	--			2.2%	\$323,758
H. Raymond Bingham		2009			Financial Expert		Chair	62	6	2			2.2%	\$375,696
Michael J. Boskin		2009						62	14	1			2.5%	\$433,497
Safra A. Catz		2009		President, CFO				46	7	1			5.0%	--
Bruce R. Chizen		2009						52	0	1			--	--
George H. Conrades		2009						69	0	3			--	\$63,527
Lawrence J. Ellison		2009		CEO, Founder				63	31	--			2.7%	--
Hector Garcia-Molina		2009						54	7	1			2.1%	\$271,635
Jeffrey O. Henley		2009		Chair				63	13	1			3.2%	--
Jack F. Kemp		2009						73	12	3			2.4%	\$210,635
Donald L. Lucas		2009			Chair, Financial Expert			78	28	5			4.8%	\$532,481
Charles E. Phillips Jr.		2009		President				49	4	2			3.1%	--
Naomi O. Seligman		2009						70	3	2			2.1%	\$268,857

Independence

Board	69.2%
Audit	100.0%
Compensation	100.0%
Nominating/Governance	100.0%

PROXY Governance believes that the Self-Regulatory Organizations' (SROs) standards of independence are satisfactory and does not support the use of an additional overlay of independence standards, which may vary among advisory services, institutional investors, and commentators. PROXY Governance believes that if the SROs standards are perceived to be inappropriate, interested parties should reopen the debate with the SROs or the SEC to have those standards adjusted.

Governance Analysis

Stock Ownership/Voting Structure

Type of stock	Outstanding shares	Vote(s) per share
Common Stock	5,162,009,710	1

Director & Officer Ownership	Significant Shareholders
23.1%	Lawrence Ellison 22.6%
	Capital Research Global Investors 5.3%

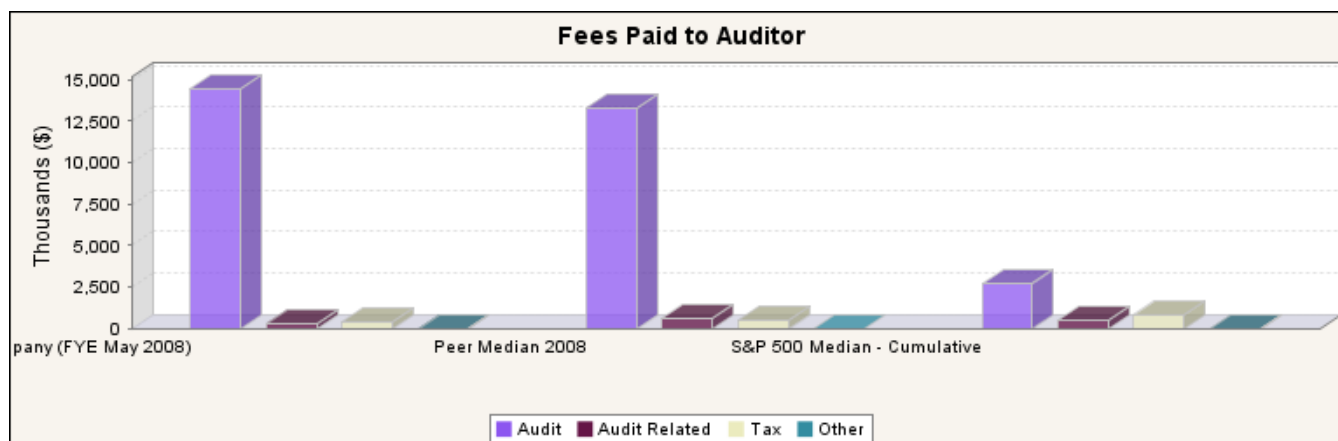
Governance Analysis

State Law/Charter/Bylaw Provisions

State Law Statutory Provisions	Charter/Bylaws Provisions
State of incorporation Delaware	Classified board <input checked="" type="checkbox"/>
Business combination <input checked="" type="checkbox"/>	Cumulative voting <input checked="" type="checkbox"/>
Control share acquisition <input checked="" type="checkbox"/>	Dual class/unequal voting rights <input checked="" type="checkbox"/>
Fair price provision <input checked="" type="checkbox"/>	Blank check preferred stock <input checked="" type="checkbox"/>
Constituency provision <input checked="" type="checkbox"/>	Poison pill <input checked="" type="checkbox"/>
Poison pill endorsement <input checked="" type="checkbox"/>	Directors may be removed only for cause <input checked="" type="checkbox"/>
	Only directors may fill board vacancies <input checked="" type="checkbox"/>
	Only directors can change board size <input checked="" type="checkbox"/>
	Supermajority vote to remove directors <input checked="" type="checkbox"/>
	Prohibit shareholders to call special meetings <input checked="" type="checkbox"/>
	Prohibit action by written consent <input checked="" type="checkbox"/>
	Fair price provision <input checked="" type="checkbox"/>
	Supermajority vote for mergers/business transactions <input checked="" type="checkbox"/>
	Supermajority to amend charter/bylaw provisions <input checked="" type="checkbox"/>
	Constituency provision <input checked="" type="checkbox"/>
	Directors - Majority Vote <input checked="" type="checkbox"/>
	Directors - Resignation policy <input checked="" type="checkbox"/>

Governance Analysis

Auditor Profile



Peer group includes companies listed under *Executive Compensation*.

Ernst & Young LLP serves as the company's independent auditors. The company did not disclose the year Ernst & Young LLP was first engaged as its auditors.

Audit Fees					
	Audit fees	Audit Related fees	Tax fees	Other fees	Total fees paid
ORACLE CORP	\$14,458,850	\$319,000	\$405,000	\$26,130	\$15,208,980

As disclosed for fiscal year end 2008.

Governance Analysis

Vote Results of Last Annual Meeting

Proposals	% FOR Votes ¹	For Votes	Against Votes	Abstentions	Broker Non-Votes
MGT Elect directors ²	95.0% - 97.9%				
MGT Approve Executive Bonus Plan	86.7%	4,009,000,000	615,000,000	37,000,000	0
MGT Ratify Appointment of Auditors - Ernst & Young LLP	99.8%	4,622,000,000	10,000,000	28,000,000	0
SH Amend Bylaws To Establish Committee on Human Rights	2.4%	86,000,000	3,501,000,000	444,000,000	629,000,000
SH Report on Open Source Social Responsibility	3.6%	128,000,000	3,431,000,000	472,000,000	629,000,000

¹ As a % of votes cast for and against; may not reflect passage of proposal. ² Low — High director votes.

Note: See the Board Profile for individual director votes.

Proposal Analysis

Management

1 Elect Nominees

PROXY Governance Vote Recommendation: SPLIT

Proposal:

To elect the following 13 nominees to the board: J. Berg, H. Bingham, M. Boskin, S. Catz, B. Chizen, G. Conrades, L. Ellison, H. Garcia-Molina, J. Henley, J. Kemp, D. Lucas, C. Phillips Jr., and N. Seligman.

Analysis:

- Board size: 13
- New directors since last year: 2
- Independent directors: 9
- Non-Independent directors: 4

Non-Independent directors: CFO/President S. Catz, CEO L. Ellison, Chair J. Henley, and President C. Phillips Jr.

Henley is an employee of the company.

Board Service: D. Lucas serves on five other public company boards. While we do not question Lucas' individual qualifications, we believe that membership on this number of boards involves a significant time commitment which could limit the effectiveness of his service to each company.

Unless there is evidence of a breakdown in board monitoring or effectiveness -- such as poor corporate performance relative to peers, excessive executive compensation, noncompliance with SEC rules or SRO listing standards, a lack of responsiveness to legitimate shareholder concerns, or various other factors -- we presume that the board is properly discharging its oversight role and that it is adequately policing itself in terms of board organization, composition and functioning.

Performance: According to PROXY Governance's performance analysis, the company has **outperformed** peers over the past five years; the company ranks at the 71st percentile relative to the S&P 1500 compared to peers at the 56th percentile, and is **improving** relative to peers at a rate of two percentile points per year.

Compensation: The average three-year compensation paid to the CEO is 372% above the median paid to CEOs at peer companies and the average three-year compensation paid to the other named executives is 255% above the median paid to executives at peer companies.

We have **concerns** regarding the company's executive compensation, which is high compared to peers and given the company's financial performance relative to peers.

We note that in fiscal 2008, all of the named executives received substantial stock option grants; for example, Ellison received seven million options valued at \$70.3 million, while President/CFO S. Catz received four million options valued at \$40.1 million. We note that each executive received the same number of options in fiscal 2008 as he or she did in fiscal 2007. The Compensation Committee believes that options further align the interests of executives with those of shareholders and aid in employee retention. Option awards are based on individual performance, future performance, experience, responsibilities, past option-based compensation, and peer data, among other things.

Ultimately, we find such option awards to be excessive, particularly with regards to Ellison, who beneficially owns 22.6% of the company's outstanding common stock and therefore does not need additional incentive to align his interests with those of other shareholders. While ownerships levels of the other executives are not anywhere close to Ellison's, we do note that they all have sizable holdings and again, just like Ellison, should not require such exorbitant option awards to further align their interests with those of shareholders.

As such, we recommend that shareholders withhold their votes from the Compensation Committee members subject to election at this meeting as a way of signaling concern about the company's compensation practices.

Rationale/Conclusion:

While we generally believe that the board is properly discharging its oversight role and adequately policing itself, it appears that the compensation paid to the company's executives is out of line relative to that paid to peer executives. Therefore, we recommend that shareholders withhold their votes from the Compensation Committee members who are subject to election at this meeting (Committee Chair J. Berg, H. Garcia-Molina, and N. Seligman) as a way of signaling concern about the company's compensation practices.

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Management

2 Approve 2009 Executive Bonus Plan

PROXY Governance Vote Recommendation: FOR

Proposal:

Approve the 2009 Executive Bonus Plan.

Management View:

Approval of the proposal will ensure that bonus awards to executive officers will be considered qualified performance-based compensation and will be fully deductible to the company for federal tax purposes.

Analysis:

- Eligibility: Executives; 10 individuals
- Annual limit per participant: \$13.6 million
- Previous year's bonuses: \$10.8 million for CEO L. Ellison and \$3.9 million to \$6.5 million for the other named executives
- Performance goals for previous year's bonuses: Non-GAAP pre-tax profits for Ellison, President/CFO S. Catz, and President C. Phillips Jr.; divisional revenues for EVP-Product Development C. Rozwat; and divisional revenues and profit margin for EVP-North America Sales and Consulting K. Block

PROXY Governance takes a holistic approach to executive compensation, examining all components of executive pay including salary, bonus plans and equity plans. We then review that data to determine how the executives are paid relative to their peers and relative to the company's financial performance versus its peers.

With regard to approving performance measures to meet the requirements for the tax deductibility under Section 162(m) of the Internal Revenue Code, we look at the overall nature of the proposal, including whether the performance criteria seem appropriate, if the company clearly and concisely discloses how and when the goals are set, and what the maximum levels of compensation, particularly for the principal executive officers, will be. While we recognize that, in a plan which will presumably be in effect for several years, the Compensation Committee must retain the flexibility to adjust the criteria or the weighting of those criteria depending on circumstances and the objectives set for the corporation in any given year, we also note that shareholders frequently feel that the language of the plans affords so much latitude that it is impossible for them to know or understand what they are approving.

In that sense, whether the compensation awarded under the plan is reasonable and appropriate in light of the company's performance can frequently be evaluated only in retrospect, and will be an important factor in PROXY *Governance's* evaluation of the effectiveness of the Compensation Committee members. It is our view that, if the company's overall executive compensation is excessive under our pay-for-performance model, ensuring that it is tax deductible becomes a secondary concern.

According to PROXY *Governance's* analysis, the company's executive compensation appears high compared to peers and given relative financial performance. We note, however, that such compensation levels are driven by the company's granting of option awards and not from its awarding of cash bonuses. As such, while we have recommended that shareholders withhold their votes from the members of the Compensation Committee (Proposal 1), we do not believe that it is worth forgoing the tax deductibility of these annual incentive awards to further protest executive compensation.

Rationale/Conclusion:

PROXY *Governance* has serious concerns about the company's executive compensation practices. However, as the high compensation levels are due to the company's use of option awards and not cash bonuses, we support this plan as it preserves a valuable deduction for the company.

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Management

3 Ratify Appointment of Auditors

PROXY *Governance* Vote Recommendation: FOR

Proposal:

The Audit Committee has selected Ernst & Young LLP as the company's independent auditors for the next fiscal year.

Analysis:

Barring circumstances where there is an audit failure due to the auditor not following its own procedures or where the auditor is otherwise complicit in an accounting treatment that misrepresents the financial condition of the company, PROXY *Governance* recommends the company's choice of auditor. PROXY *Governance* believes that concerns about a corporation's choice of auditor and the services performed (e.g., high non-audit fees) should be directed through withhold votes from the members of the audit committee, which is responsible for retaining and compensating the auditor.

Rationale/Conclusion:

We believe that, in this circumstance, the board/audit committee should be accorded discretion in its selection of the auditor.

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Shareholder

4 Allow Advisory Vote on Executive Compensation

PROXY *Governance* Vote Recommendation: FOR

Proposal:

To adopt a policy that shareholders have the opportunity to vote on an advisory resolution to ratify the company's executive compensation as provided in the summary compensation table and accompanying narrative. The vote would be non-binding and would not affect any compensation paid or awarded to any named executive officer.

Proponent:

Marianist Province of the United States

Shareholder View:

The proponent believes that current corporate governance structures do not allow for an effective means of communicating shareholder concerns about executive compensation to company boards. Adoption of a U.K.-style advisory vote at the company may facilitate such communication; currently, the only recourse is to withhold from members of compensation committees. The proponent also states that the company's executive compensation "raises questions" due to the large number of options awarded to CEO L. Ellison.

Management View:

The board believes that a simple up-or-down vote will not effectively voice shareholder concerns with executive compensation and may in fact hinder the company's ability to recruit executive talent if it reduces the flexibility of the company to design and award the compensation packages necessary to attract skilled employees. As such, a vote could put the company at a competitive disadvantage.

Analysis:

PROXY *Governance* believes that responsibility for tailoring executive compensation packages that truly serve the best interests of the company must lie ultimately with the Compensation Committee and the board. Directors need to be cognizant -- in this area, just as with regard to all board-level spending decisions, that they are the shareholders' representatives and are spending the shareholders' money. The board should and must formulate performance metrics and targets that are designed with the company's specific needs in mind, and the company's pay practices should be as transparent to shareholders as possible without giving away information that is truly of competitive significance. (We find the old saw that any disclosure of the performance criteria and metrics would put the company at a competitive disadvantage to be generally overused and unpersuasive.) Further, even with the SEC's enhanced executive compensation disclosures, shareholders typically do not have access to all of the information and data needed to make informed and intelligent decisions as to how a particular company's compensation program should be structured, and there is some risk that an advisory vote will become simply a protest vote that lacks specificity as to the particular area of shareholder concern.

However, we also recognize that there is growing public criticism of executive compensation on an absolute level. It seems evident that, if shareholders believed that boards generally were fulfilling their responsibilities noted above, overall support for these proposals (averaging 41% in 2007, based on votes cast) would not be so strong. We recognize that, in some cases, supporting an advisory vote on executive compensation may be appropriate to provide shareholders with an additional tool through which they can voice their concerns on the issue.

Recognizing that there is merit on both sides of the argument as to whether such an advisory vote is needed and desirable, PROXY *Governance* has determined to consider these proposals on a case-by-case basis and not to uniformly support them on a "just in case" basis. We include a number of factors in our analysis; however, most important among them are the company's pay-for-performance practices. Generally, for boards that have demonstrated responsible compensation practices tailored to the industry in which they are competing, resulting in compensation levels well-aligned with company performance, we will not support an advisory vote process simply to have one available to voice unnamed future compensation concerns.

With regard to the above-stated factors, we note that they generally favor the proponent's position with regard to the proposal. Due to the company's high compensation levels relative to peers, we recommended that shareholders withhold their votes from the members of the Compensation Committee subject to election at this meeting (Proposal 1). Given the Compensation Committee's continued reliance on egregious stock option awards as the dominant form of executive compensation, we believe that the company and shareholders would benefit from giving shareholders an additional voice with which to speak on executive compensation matters.

Rationale/Conclusion:

In light of the high compensation levels awarded to the company's executives, we believe the company and shareholders would benefit from giving shareholders an additional voice with which to speak on executive compensation matters.

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