

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CITY OF ROSEVILLE EMPLOYEES' )  
RETIREMENT SYSTEM and )  
SOUTHEASTERN PENNSYLVANIA )  
TRANSPORTATION AUTHORITY, )  
derivatively on behalf of Oracle )  
Corporation, )

Plaintiffs, )

v. )

LAWRENCE J. ELLISON, JEFFREY )  
S. BERG, H. RAYMOND BINGHAM, )  
MICHAEL J. BOSKIN, SAFRA A. )  
CATZ, BRUCE R. CHIZEN, GEORGE )  
H. CONRADES, HECTOR GARCIA- )  
MOLINA, DONALD L. LUCAS, and )  
NAOMI O. SELIGMAN, )

Civ. A. No. 6900-VCP

Defendants, )

-and- )

ORACLE CORPORATION, )

Nominal Defendant. )

**STIPULATION AND AGREEMENT OF  
COMPROMISE, SETTLEMENT AND RELEASE**

This Stipulation and Agreement of Compromise, Settlement and Release (the “Stipulation”), is entered into between and among the following parties, by and through their counsel, in the above-captioned shareholder derivative action (the “Action”): (i) plaintiffs City of Roseville Employees’ Retirement System (“Roseville”) and Southeastern Pennsylvania Transportation Authority (“SEPTA”

and, together with Roseville, “Plaintiffs”); (ii) individual defendants Lawrence J. Ellison (“Mr. Ellison”), Jeffrey S. Berg, H. Raymond Bingham, Michael J. Boskin, Safra A. Catz, Bruce R. Chizen, George H. Conrades, Hector Garcia-Molina, Donald L. Lucas, and Naomi O. Seligman (collectively, “Defendants”); and (iii) nominal defendant Oracle Corporation (“Oracle” or the “Company,” and with Plaintiffs and Defendants, each a “Party” and, collectively, the “Parties”). The Parties intend for this Stipulation to fully, finally, and forever resolve, discharge, and settle all claims between the Parties in the Action and any and all Released Claims (defined below) as against the Released Parties (defined below) upon and subject to the terms and conditions herein (the “Settlement”), and subject to the approval of the Court of Chancery of the State of Delaware (the “Court”).

**WHEREAS:**

A. On June 29, 2011, in a Form 8-K filed with the United States Securities and Exchange Commission, Oracle announced that it had entered into an agreement and plan of merger dated as of June 29, 2011 (the “Merger Agreement”) with Pillar Data Systems, Inc. (“Pillar Data” or “Pillar”), a data storage company, pursuant to which Oracle would acquire all of the issued and outstanding equity interests of Pillar in exchange for the right of Pillar’s former stockholders and option holders to receive certain contingent cash merger consideration (the “Earn-Out”).

B. Prior to Oracle's acquisition of Pillar (the "Transaction"), Pillar was majority-owned and controlled by Mr. Ellison, Oracle's Chief Executive Officer and its largest individual stockholder.

C. The Transaction was approved by the non-management directors on Oracle's Board of Directors (the "Board"), on the recommendation of the Board's Committee on Independence Issues (the "Independence Committee").

D. Pursuant to the Merger Agreement, Oracle did not pay anything up front for Pillar. Rather, the Merger Agreement provides that the Earn-Out, if any, shall be paid by Oracle to Mr. Ellison, certain of his affiliates, and/or the other stockholders and option holders of Pillar on or before November 30, 2014, and will equal an amount (if positive) in cash equal to the product of (i) the difference between (x) the Net Revenues recognized by Oracle from the Pillar Data Axiom Products during only the last four (4) fiscal quarters of the Earn-Out Period minus (y) the Net Losses (if any) during the entire Earn-Out Period, multiplied by (ii) three (3).<sup>1</sup>

E. At the time the Transaction was approved by Oracle's Board, the Independence Committee's financial advisor estimated the present value of the

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<sup>1</sup> The terms "Net Revenues," "Net Losses," "Pillar Data Axiom Products," and "Earn-Out Period" are defined in the Merger Agreement.

expected Earn-Out payment to be in the range of \$325 million to \$575 million, with \$463 million being the midpoint of that range.

F. Under the terms of the Merger Agreement, Mr. Ellison and/or certain of his affiliates are entitled to receive approximately the first \$562 million of any Earn-Out payment.

G. On July 8, 2011, counsel for Roseville served on Oracle a demand to inspect certain corporate books and records pursuant to Section 220 of the Delaware General Corporation Law in connection with the Transaction.

H. On July 18, 2011, the Transaction closed.

I. On September 29, 2011, Roseville filed a shareholder derivative complaint on behalf of Oracle, against Defendants as well as Oracle directors Jeffrey O. Henley and Mark Hurd, alleging that the Transaction was not entirely fair to Oracle and asserting claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, waste and unjust enrichment.

J. On October 14, 2011, counsel for SEPTA served on Oracle a demand to inspect certain corporate books and records pursuant to Section 220 of the Delaware General Corporation Law in connection with the Transaction.

K. On November 15, 2011, the Court entered an order which, among other things, permitted SEPTA to intervene as a plaintiff in the Action.

L. On January 13, 2011, Plaintiffs filed a First Amended Verified Shareholder Derivative Complaint.

M. On February 29, 2012, defendants in the Action and nominal defendant Oracle moved to dismiss the First Amended Verified Shareholder Derivative Complaint on the ground, among others, that Plaintiffs' claims were not ripe because, under the Earn-Out, the cash consideration to be paid by Oracle for Pillar, if any, would not be determined until the fall of 2014.

N. On August 22, 2012, the Court granted in part and denied in part the motions to dismiss. Among other things, the Court declined to dismiss the Action for lack of ripeness and permitted breach of fiduciary duty claims to proceed against Defendants. The Court dismissed all claims against Jeffrey O. Henley and Mark Hurd and dismissed Plaintiffs' claims for aiding and abetting, waste and unjust enrichment.

O. Following the Court's August 22, 2012 ruling, the Parties engaged in extensive fact and expert discovery. Plaintiffs reviewed more than 400,000 pages of documents produced by Defendants, Oracle and certain third parties. Plaintiffs also deposed 13 individuals, including several Defendants, senior Oracle and Pillar executives and representatives of the Independence Committee's advisors, Perella Weinberg Partners and Skadden, Arps, Slate, Meagher & Flom LLP. Plaintiffs and

Defendants also exchanged five expert reports on behalf of three separate experts and conducted depositions of two of the experts.

P. On May 3, 2013, Plaintiffs filed a Second Amended Verified Shareholder Derivative Complaint (the “Complaint”), which is the operative complaint in the Action.

Q. On June 14, 2013, Defendants moved for summary judgment on all claims against them.

R. On June 26, 2013, Oracle filed a Form 10-K with the United States Securities and Exchange Commission, which disclosed that Oracle estimated the current fair value of the Earn-Out liability to be zero—*i.e.*, that Oracle expected the Earn-Out payment to be zero.

S. On July 24, 2013, the Court granted a motion *in limine* by Plaintiffs to preclude Defendants from introducing at trial any post-closing evidence regarding the fact that Oracle expects the Earn-Out payment to be zero. The Court also declined to set a briefing schedule on Defendants’ motion for summary judgment.

T. During the spring and summer of 2013, counsel for the Parties engaged in arm’s-length discussions and negotiations regarding a potential resolution of the Action.

U. In September 2013, counsel for the Parties and certain of the insurance carriers that provide coverage applicable to the claims asserted in the Action (the

“D&O Carriers”) participated in several mediation sessions with Vice Chancellor Sam Glasscock III. A primary subject of discussion at those mediation sessions was whether the D&O Carriers would be required to fund any award of attorneys’ fees that the Court might require Defendants or Oracle to pay to Plaintiffs’ Counsel as part of an order approving a settlement.

V. On September 19, 2013, Defendants and Oracle filed a Third-Party Complaint against certain underwriters at Lloyd’s, London, Syndicates 623 and 2623 (“Beazley”), seeking, among other things, a declaration that Beazley, one of the D&O Carriers, was obligated to pay, on behalf of Defendants, any losses up to the limit of liability on the Beazley policy for the Action, including Plaintiffs’ attorneys’ fees and any other amount which the Defendants were required to pay as part of a reasonable settlement approved by this Court (the “Third-Party Complaint”).

W. On October 2, 2013, the Parties executed a Stipulation and Agreement of Compromise, Settlement and Release (the “2013 Settlement Agreement”) which provided for a settlement of all claims in the Action, but was contingent on Beazley either agreeing or being ordered to pay any attorneys’ fees awarded to Plaintiffs’ Counsel by the Court. The 2013 Settlement Agreement provided that if this contingency was not satisfied by April 1, 2014, the agreement could be terminated by any Party.

X. Based upon the 2013 Settlement Agreement, the previously-scheduled trial date of November 18, 2013 was adjourned and the Defendants and Oracle sought a court order declaring that Beazley would be obligated to pay any attorneys' fees awarded to Plaintiffs' Counsel by the Court in conjunction with the proposed settlement.

Y. On January 16, 2014, the Third-Party Complaint was dismissed without prejudice on the grounds that (i) the claims asserted against Beazley were not ripe and (ii) this Court lacked subject matter jurisdiction.

Z. On March 25, 2014, this Action was reassigned to the Honorable Donald F. Parsons, Jr.

AA. When the contingency in the 2013 Settlement Agreement had not been met by April 1, 2014, the Parties deemed the 2013 Settlement Agreement to be terminated and requested the entry of a new scheduling order to govern the remainder of the litigation.

BB. On April 15, 2014, the Court entered an Amended Stipulation and Scheduling Order providing for various pretrial deadlines and rescheduling the trial to begin on August 12, 2014. In light of the revised trial date, Vice Chancellor Parsons permitted Defendants to file a renewed motion for summary judgment, and the Amended Stipulation and Scheduling Order set a briefing schedule on that motion.

CC. Subsequent to the Court's entry of the Amended Stipulation and Scheduling Order, counsel for the Parties continued their preparations for trial, including Defendants' submission of a renewed motion for summary judgment on April 18, 2014, and completion of the briefing of the Parties' motions to strike each other's experts. The Court heard oral argument on Plaintiffs' motion to strike Defendants' expert on May 19, 2014.

DD. While preparing for trial, counsel for the Parties also continued their discussions concerning a possible resolution of this Action, including participation in mediation with former Vice Chancellor Stephen P. Lamb. As a result of those discussions and mediation, the Parties have reached an agreement, subject to Court approval, on terms of a revised settlement as reflected herein.

EE. Plaintiffs, through their counsel, having thoroughly considered the facts and law underlying this Action, believe that the claims in the Action are meritorious and that the Transaction was tainted by conflicts of interest and was unfair to Oracle. Plaintiffs and Plaintiffs' Counsel recognize, however, that the calculation of damages in this Action is highly uncertain because, among other reasons, the amount of the Earn-Out payment is contingent and will not become fixed until 2014, after the trial in this Action has concluded. The Settlement provides that, whatever the Earn-Out payment will ultimately be, Mr. Ellison must make a contribution to the capital of Oracle in an amount equal to 95% of the

amount that Mr. Ellison, certain of his affiliates, or their respective transferees receive pursuant to the Earn-Out. After weighing the costs and uncertainties of continued litigation against the benefits of the Settlement, Plaintiffs and Plaintiffs' Counsel have determined that it is in the best interests of Oracle and its stockholders that the Action be fully and finally settled as between the Parties in the manner and upon the terms and conditions set forth in the Stipulation, and that these terms and conditions are fair, reasonable and adequate to Oracle and its stockholders.

FF. Defendants have vigorously denied, and continue vigorously to deny, all allegations of wrongdoing, fault, liability or cognizable damage to Oracle, deny that they committed any violation of law, deny that the Transaction was in any way unfair to Oracle, believe that they acted properly at all times, believe that the Action has no merit, and maintain that they have committed no breach of duty whatsoever in connection with the Transaction. Defendants are entering into this Stipulation solely because they consider it desirable that the Action be settled and dismissed with prejudice in order to, among other things, (i) avoid the substantial expense, inconvenience and distraction of continued litigation, and (ii) avoid any possibility of liability and finally put to rest the claims asserted against Defendants in the Action.

**NOW THEREFORE, IT IS STIPULATED AND AGREED**, subject to approval by the Court pursuant to Rule 23.1 of the Rules of the Court of Chancery, by and between the undersigned counsel for the Parties, in consideration of the benefits flowing to the Parties from, and as described in, the Settlement, that all Released Claims (as defined below) shall be and hereby are fully and finally compromised, settled, released and discontinued, and that the Action shall be dismissed with prejudice on the merits and without costs (except as provided herein) upon the terms and conditions of this Stipulation, as follows:

### **DEFINITIONS**

1. In addition to the terms defined above, as used in this Stipulation, the following additional terms have the meanings specified below:

(a) “Attorneys’ Fees and Expenses Award” means the amount of attorneys’ fees and expense reimbursement awarded by the Court in response to a Fee Application by Plaintiffs’ Counsel (as hereinafter defined), as described in Paragraph 13 of this Stipulation.

(b) “Ellison Affiliate” means (i) Tako Ventures, LLC, The Lawrence J. Ellison Revocable Trust, or any other Person other than Pillar that directly or indirectly, through one or more intermediaries, is controlled by Mr. Ellison; (ii) the past and present family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents,

employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited-liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, managers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, and assigns, of Mr. Ellison or of any Person described in (i) above; and (iii) any Person to whom Mr. Ellison or any Person described in (i) or (ii) above sells or transfers any right to receive any payment pursuant to the Earn-Out. Notwithstanding anything to the contrary in this Paragraph, “Ellison Affiliate” shall not mean and shall not be deemed to include (A) any current or former Pillar employees or directors, or (B) Oracle and its subsidiaries.

(c) “Final Settlement Date” means the date on which the last of the conditions precedent set forth in Paragraph 10 of this Stipulation occurs, unless otherwise agreed by the Parties.

(d) “Final” means: (i) if no appeal from the order and/or judgment is taken, the date on which the time for taking such an appeal expires, or (ii) if any appeal is taken, the date on which all appeals, including petitions for rehearing or reargument, have been finally disposed of (whether through expiration of time to file, denial of any request for review, by affirmance on the merits, or otherwise) in

a manner that does not result in any material alteration of the order and/or judgment. Notwithstanding the foregoing, the Court's ruling or failure to rule on any application for attorneys' fees and expenses or any modification of the Attorneys' Fees and Expenses Award, shall not preclude the Final Order and Judgment from becoming Final.

(e) "Final Order and Judgment" means the Final Order and Judgment of the Court, substantially in the form attached hereto as Exhibit D, approving the Settlement and dismissing with prejudice the claims asserted between the Parties in the Action without costs to any party (except as provided in this Stipulation).

(f) "Notice" means the Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear, substantially in the form attached hereto as Exhibit B.

(g) "Person" means any individual, corporation, professional corporation, limited-liability company, partnership, limited partnership, limited-liability partnership, association, joint-stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives or assignees.

(h) “Plaintiffs’ Counsel” means the law firms of Grant & Eisenhofer P.A. and Chimicles & Tikellis LLP, their employees, agents, principals, directors, associates, partners and/or anyone acting on their behalf.

(i) “Released Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (defined below), in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, (i) that were brought or that could be brought derivatively or otherwise by or on behalf of Oracle against any of the Released Parties (defined below), and that now or hereafter are based upon, arise out of, relate in any way to, or involve, directly or indirectly, the terms of the Transaction, the evaluation and negotiation thereof, the consideration paid therefor, any benefit derived therefrom, or the fiduciary obligations of Defendants or any of the Released Parties in connection with the approval, evaluation or negotiation of the Transaction, including but not limited to

all claims asserted in the Complaint, and (ii) that could be brought by or on behalf of Oracle or any of the Defendants against any of the Plaintiffs or Plaintiffs' Counsel, and that now or hereafter are based upon, arise out of, relate in any way to, or involve, directly or indirectly, the conduct of this Action; *provided, however*, that Released Claims shall not mean and does not include (A) any claims arising from events that occurred after the closing of the Transaction, including claims relating to Oracle's operation of Pillar's business, (B) any claims to enforce the terms of this Stipulation, or (C) any claims by Defendants against the D&O Carriers arising out of or related to the D&O Carriers' obligations under the insurance policies and terms applicable to the Action to cover any Loss (as defined in the applicable policies) sustained by Defendants in connection with this Settlement.

(j) "Released Parties" means: (i) Lawrence J. Ellison, Jeffrey S. Berg, H. Raymond Bingham, Michael J. Boskin, Safra A. Catz, Bruce R. Chizen, George H. Conrades, Hector Garcia-Molina, Donald L. Lucas, and Naomi O. Seligman; (ii) any other individual or entity that was originally named as a defendant in the Action; (iii) all other current and former employees, officers, directors and advisers of Oracle, to the extent of any claimed liability relating, directly or indirectly, to the Transaction; and (iv) for each and all of the foregoing persons or entities (but only to the extent such persons or entities are released as

provided above), any and all of their respective past or present family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited-liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, managers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys, personal or legal representatives, accountants and associates. Released Parties shall not mean and does not include Beazley or any of the D&O Carriers who have issued insurance to Oracle and/or its present and former directors or officers.

(k) “Releases” means the releases set forth in Paragraphs 4 and 5 below.

(l) “Scheduling Order” means the scheduling order to be entered pursuant to Rule 23.1 of the Rules of the Court of Chancery, substantially in the form attached hereto as Exhibit A.

(m) “Settlement Hearing” means a hearing required under Rule 23.1 of the Rules of the Court of Chancery, at or after which the Court will review the adequacy, fairness and reasonableness of the Settlement and determine whether to issue the Final Order and Judgment.

(n) “Summary Notice” means the Notice of Settlement of Stockholder Derivative Litigation, substantially in the form attached hereto as Exhibit C.

(o) “Unknown Claims” means any claims that a Person granting a Release hereunder does not know or suspect exist in his, her or its favor at the time of the Release, including without limitation those which, if known, might have affected the decision to enter into or object to the Settlement, to the extent such claims constitute Released Claims.

### **SETTLEMENT CONSIDERATION**

2. Mr. Ellison agrees to pay to Oracle 95% of any and all amounts, if any, that are paid to him and/or to any Ellison Affiliate pursuant to the Earn-Out (as defined in the Merger Agreement). Mr. Ellison agrees to make the payment referenced in the preceding sentence within five (5) business days of Oracle’s payment of the Earn-Out, if any, to Mr. Ellison and/or to any Ellison Affiliate. Any such payment by Mr. Ellison shall be treated as a contribution of capital by Mr. Ellison to Oracle and shall not be paid as an offset, reduction or credit against

the Earn-Out or any other obligation of Oracle to Mr. Ellison. Neither Oracle nor any Defendant or Released Party shall, except as specifically provided in this Stipulation or as ordered by the Court, have any further obligation to pay or bear any amounts, expenses, costs, damages, assessments or fees to or for the benefit of Plaintiffs or Oracle in connection with this Settlement, including but not limited to attorneys' or experts' fees and expenses for any counsel to Plaintiffs, or any costs of notice or otherwise.

3. Oracle and/or Defendants shall promptly notify Plaintiffs' Counsel of any payment by Oracle to Mr. Ellison and/or to any Ellison Affiliate pursuant to the Earn-Out, including the amount of such payment, or, if no payment is due, the absence of such payment. In the event of a payment under the Earn-Out, Defendants shall also promptly notify Plaintiffs' Counsel once Mr. Ellison has made the payment to Oracle referenced in the preceding Paragraph and the amount of such payment.

### **RELEASES**

4. Upon the Final Settlement Date, Plaintiffs, Oracle and all Oracle stockholders, by operation of this Stipulation, by operation of the Final Order and Judgment and to the fullest extent allowed by law, shall completely, fully, finally and forever release, relinquish, settle, and discharge each and all of the Released Parties from any and all of the Released Claims, and will be forever barred and

enjoined from commencing, instituting or prosecuting any action or proceeding, in any forum, asserting any of the Released Claims against any of the Released Parties.

5. Upon the Final Settlement Date, Oracle and Defendants, individually and collectively, by operation of this Stipulation, by operation of the Final Order and Judgment and to the fullest extent allowed by law, shall completely, fully, finally and forever release, relinquish, settle, and discharge each and all of the Plaintiffs and Plaintiffs' Counsel from any and all of the Released Claims, and will be forever barred and enjoined from commencing, instituting or prosecuting any action or proceeding, in any forum, asserting any of the Released Claims against any of Plaintiffs or Plaintiffs' Counsel.

6. The Released Claims include Unknown Claims. With respect to any of the Released Claims, the Parties stipulate and agree that upon the Final Settlement Date, Plaintiffs, Defendants, and Oracle shall have, and each Oracle stockholder shall be deemed to have, and by operation of the Final Order and Judgment by the Court shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under California Civil Code § 1542 or any law or principle of common law of the United States or any state or territory of the United States which is similar, comparable or equivalent to California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Plaintiffs, Defendants, and Oracle acknowledge, and all Oracle stockholders by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of Plaintiffs, Defendants, Oracle and all Oracle stockholders by operation of law, to completely, fully, finally and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, heretofore existed or may hereafter exist, and without regard to the subsequent discovery of additional or different facts.

Plaintiffs, Defendants, and Oracle acknowledge, and all Oracle stockholders by operation of law shall be deemed to have acknowledged, that this waiver and the inclusion of “Unknown Claims” in the definition of “Released Claims” was separately bargained for and was a material element of the Settlement and was relied upon by each and all of the Parties in entering into the Stipulation and agreeing to the Settlement.

## **SUBMISSION AND APPLICATION TO THE COURT**

7. As soon as practicable after the Stipulation has been executed, the Parties shall jointly apply for entry of the Scheduling Order: (i) directing the form and manner of notice to Oracle stockholders of the Settlement and of their right to object; (ii) establishing the procedure for the Court's consideration of the Settlement, dismissal of the Action with prejudice, and Plaintiffs' application for attorneys' fees and expenses; and (iii) staying all further proceedings in the Action except as may be necessary to implement the Settlement.

## **NOTICE**

8. Within five (5) business days following the entry of the Scheduling Order, notice of the proposed Settlement shall be provided to Oracle stockholders in the following manner (or in such other manner directed by the Court): (i) Oracle shall cause the Summary Notice, substantially in the form of Exhibit C attached hereto, to be published as a quarter-page advertisement in the national edition of *Investor's Business Daily*; (ii) Oracle shall cause this Stipulation and the Notice, substantially in the form of Exhibit B attached hereto, to be posted on the investor relations section of Oracle's website; and (iii) Plaintiffs' Counsel shall cause this Stipulation and the Notice, substantially in the form of Exhibit B attached hereto, to be posted on Plaintiffs' Counsel's respective websites.

## **FINAL ORDER AND JUDGMENT**

9. If the Court approves the Settlement (including any modification thereto made with the consent of the Parties as provided for herein) following the Settlement Hearing as fair, reasonable, adequate and in the best interests of Oracle and Oracle's stockholders, the Parties shall jointly and promptly request that the Court enter the Final Order and Judgment in the Action substantially in the form attached hereto as Exhibit D.

## **CONDITIONS OF SETTLEMENT AND TERMINATION**

10. The following are conditions precedent to the Settlement:

(a) the Final Order and Judgment is entered by the Court without material alteration or, in the event of material alteration, such alteration is consented to by the Parties; and

(b) the Final Order and Judgment becomes Final; and

(c) the Action is dismissed with prejudice against all Defendants, without the award of any damages, costs, fees or the grant of further relief except for the payments contemplated by this Stipulation (including any Attorneys' Fees and Expense Award).

11. If any of the conditions precedent described in Paragraph 10 fails to occur, the Stipulation and Settlement (including the Releases given pursuant to the

terms of this Stipulation) shall be terminated and shall become null and void and of no force and effect, unless otherwise agreed by the Parties.

12. In the event of termination of the Settlement pursuant to the preceding Paragraph 11, the Parties shall be restored to their respective positions prior to the execution of the Stipulation, and shall promptly agree on a new scheduling order to govern further proceedings in the Action. In the event of such termination, this Stipulation shall not be admissible for any purpose in any proceeding before any court or tribunal. In addition, in the event of such termination, the requirement that Mr. Ellison make the payment set forth in Paragraph 2 of this Stipulation shall be deemed null and void and without effect. To the extent that Mr. Ellison has already made any payment as set forth in Paragraph 2 of this Stipulation prior to such termination, Oracle shall, within fifteen (15) business days of such termination (or within such other time as Mr. Ellison may agree), refund such payment back to Mr. Ellison.

### **ATTORNEYS' FEES AND EXPENSES**

13. Plaintiffs' Counsel intend to apply to the Court for an award of attorneys' fees and expenses in the amount of \$15,000,000, inclusive of expenses and disbursements (the "Fee Application"). Defendants and Oracle will not oppose the Fee Application, and if specifically asked by the Court for comment on the Fee Application, agree to represent that, in the context and for the purposes of

the Settlement, a Fee Application of \$15,000,000 is within a range of reasonableness.

14. Any Attorneys' Fees and Expenses Award shall be paid by Oracle within ten (10) calendar days of entry of an Order approving an Attorneys' Fees and Expenses Award.

15. Neither Oracle nor any of the Defendants shall have any responsibility or liability whatsoever with respect to the allocation of any Attorneys' Fees and Expenses Award among Plaintiffs' Counsel, or any other counsel representing Plaintiffs, or any other Oracle stockholder or any other counsel asserting a right to recover any portion of the Attorneys' Fees and Expenses Award. Any dispute regarding any allocation of fees or expenses among Plaintiffs' Counsel shall have no effect on the Settlement.

16. The payment of any Attorneys' Fees and Expenses Award shall be subject to Plaintiffs' Counsel's joint and several obligation to make appropriate and prompt refunds or repayments of the applicable portion of the fee received, if (a) the Stipulation is properly and timely terminated in accordance with its terms, or (b) as a result of any further proceedings or collateral attack, the Attorneys' Fees and Expenses Award is vacated or the amount of such award is reduced.

17. Neither Oracle nor any Defendant shall be liable for or obligated to pay any fees, expenses, costs or disbursements, or to incur any expense on behalf of,

any Person (including, without limitation, any Plaintiff or Plaintiffs' Counsel) directly or indirectly, in connection with the Action or this Stipulation, except as expressly provided for in this Stipulation or as ordered by the Court. Neither Plaintiffs nor Plaintiffs' Counsel shall be liable for or obligated to pay any fees, expenses, costs or disbursements to, or incur any expenses on behalf of, any Person (including, without limitation, any Defendant, Oracle, or counsel for the foregoing) directly or indirectly, in connection with the Action or this Stipulation, except as expressly provided for in this Stipulation.

18. It is not a condition of this Stipulation or the Settlement that an Attorneys' Fees and Expenses Award be approved, either at all or in any particular amount, by the Court. In the event that an Attorneys' Fees and Expenses Award is not awarded by the Court or is awarded in an amount that is unsatisfactory to any of the Parties, or in the event an Attorneys' Fees and Expenses Award is vacated or reduced on appeal, this Stipulation and the Settlement, including the effectiveness of the Releases and other obligations of the Parties under the Settlement, nevertheless shall remain in full force and effect.

### **COOPERATION**

19. In addition to the actions specifically provided for in this Stipulation, the Parties agree to use their best efforts from the date hereof to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary,

proper or advisable under applicable laws, regulations or agreements, to consummate and make effective this Stipulation. The Parties and their attorneys agree to cooperate fully with one another in seeking the Court's approval of the Settlement and to use their best efforts to effect the consummation of this Stipulation and the Settlement, including, but not limited to, resolving any objections raised with respect to the Settlement. Without further order of the Court, the Parties may agree to reasonable extensions of time not expressly set by the Court in order to carry out any of the provisions of this Stipulation.

#### **STIPULATION NOT AN ADMISSION**

20. It is expressly understood that neither this Stipulation nor any act or omission in connection therewith is intended or shall be deemed to be a presumption, concession or admission by: (i) any of the Defendants, Released Parties or Oracle as to the validity of any claims, defenses, other issues raised, or which might be or might have been raised, in the Action or in any other litigation, or to be evidence of or constitute an admission of wrongdoing or liability by any of them, and each of them expressly denies any such wrongdoing or liability; or (ii) Plaintiffs as to the infirmity of any claim or the validity of any defense. The existence of the Stipulation, its contents or any negotiations, statements or proceedings in connection therewith, shall not be offered or admitted in evidence or referred to, interpreted, construed, invoked or otherwise used by any Person for

any purpose in the Action or otherwise, except as may be necessary to prosecute claims against Beazley or otherwise to effectuate the Settlement. This provision shall remain in force in the event that the Settlement is terminated for any reason whatsoever. Notwithstanding the foregoing, any of the Released Parties may file the Stipulation or any judgment or order of the Court related hereto in any other action that may be brought against them, in order to support any and all defenses or counterclaims based on *res judicata*, collateral estoppel, release, good-faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

### **NO WAIVER**

21. Any failure by any Party to insist upon the strict performance by any other Party of any of the provisions of this Stipulation shall not be deemed a waiver of any of the provisions hereof, and such Party, notwithstanding such failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Stipulation by such other Party.

22. No waiver, express or implied, by any Party of any breach or default in the performance by any other Party of its obligations under this Stipulation shall be deemed or construed to be a waiver of any other breach, whether prior, subsequent, or contemporaneous, under this Stipulation.

### **AUTHORITY**

23. This Stipulation will be executed by counsel to the Parties, each of whom represents and warrants that he or she has been duly authorized and empowered to execute this Stipulation on behalf of such Party, and that it shall be binding on such Party in accordance with its terms.

### **SUCCESSORS AND ASSIGNS**

24. This Stipulation is, and shall be, binding upon, and inure to the benefit of, the Parties and their respective agents, executors, administrators, heirs, successors and assigns; *provided, however*, that no Party shall assign or delegate its rights or responsibilities under this Stipulation without the prior written consent of the other Parties.

### **BREACH**

25. The Parties agree that in the event of any breach of this Stipulation, all of the Parties' rights and remedies at law, equity or otherwise, are expressly reserved.

### **GOVERNING LAW AND FORUM**

26. This Stipulation shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflict of laws principles. Any action relating to this Stipulation will be filed exclusively in the Court. Each Party: (i) consents to personal jurisdiction in any such action (but no

other action) brought in the Court; (ii) consents to service of process by registered mail upon such Party and/or such Party's agent; and (iii) waives any objection to venue in the Court and any claim that Delaware or the Court is an inconvenient forum.

### **WARRANTY**

27. Plaintiffs and Plaintiffs' Counsel represent and warrant that: (i) Plaintiffs are each stockholders of Oracle and were stockholders of Oracle at all relevant times for purposes of maintaining standing in the Action; (ii) none of the Released Claims has been assigned, encumbered or in any manner transferred in whole or in part by Plaintiffs or Plaintiffs' Counsel; and (iii) neither Plaintiffs nor Plaintiffs' Counsel will attempt to assign, encumber or in any manner transfer, in whole or in part, any of the Released Claims.

28. Each Party represents and warrants that the Party has made such investigation of the facts pertaining to the Settlement provided for in this Stipulation, and all of the matters pertaining thereto, and has been advised by counsel, as the Party deems necessary and advisable.

### **ENTIRE AGREEMENT**

29. This Stipulation and the attached exhibits constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior or contemporaneous oral or written agreements, understandings

or representations. No representations, warranties or inducements have been made to any Party concerning the Stipulation or its exhibits other than the representations, warranties and covenants contained and memorialized in such documents. All of the exhibits hereto are material and integral parts hereof and are fully incorporated herein by reference.

### **INTERPRETATION**

30. Each term of this Stipulation is contractual and not merely a recital.

31. This Stipulation will be deemed to have been mutually prepared by the Parties and will not be construed against any of them by reason of authorship.

32. Section and/or paragraph titles have been inserted for convenience only and will not be used in interpreting the terms of this Stipulation.

33. The terms and provisions of this Stipulation are intended solely for the benefit of the Parties, and their respective successors and permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights or remedies upon any other Person or entity, except with respect to (a) any attorneys' fees and expenses to be paid to Plaintiffs' Counsel pursuant to the terms of this Stipulation; and (b) the Released Parties who are not signatories hereto, and who shall be third-party beneficiaries under this Stipulation entitled to enforce it in accordance with its terms.

### **AMENDMENTS**

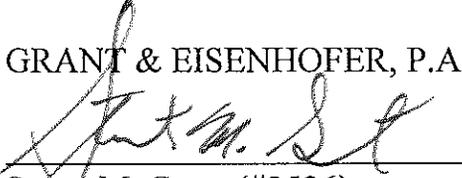
34. This Stipulation may not be amended, changed, waived, discharged or terminated (except as explicitly provided herein), in whole or in part, except by an instrument in writing signed by the Parties to this Stipulation. Any such written instrument signed by the Parties to this Stipulation shall be effective upon approval of the Court, without further notice to Oracle stockholders, unless the Court requires such notice.

### **COUNTERPARTS**

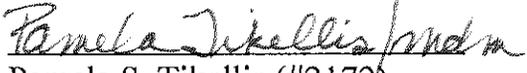
35. This Stipulation may be executed in any number of actual, telecopied or electronically mailed counterparts and by each of the different Parties on several counterparts, each of which when so executed and delivered will be an original. This Stipulation will become effective when the actual or telecopied counterparts have been signed by each of the Parties to this Stipulation and delivered to the other Parties. The executed signature page(s) from each actual, telecopied or electronically mailed counterpart may be joined together and attached and will constitute one and the same instrument.

Dated: June 13, 2014

GRANT & EISENHOFER, P.A.

  
Stuart M. Grant (#2526)  
Megan D. McIntyre (#3307)  
John C. Kairis (#2752)  
Bernard C. Devieux (#5689)  
123 Justison Street  
Wilmington, DE 19801  
(302) 622-7000

CHIMICLES & TIKELLIS LLP

  
Pamela S. Tikellis (#2172)  
Robert J. Kriner (#2546)  
Scott M. Tucker (#4925)  
Tiffany J. Cramer (#4998)  
P.O. Box 1035  
222 Delaware Avenue, Suite 1100  
Wilmington, DE 19899  
(302) 656-2500

*Counsel for Plaintiffs*

MORRIS, NICHOLS, ARSHT &  
TUNNELL LLP

---

Kenneth J. Nachbar (#2067)  
John P. DiTomo (#4850)  
1201 N. Market Street  
P.O. Box 1347  
Wilmington, DE 19899-1347  
(302) 658-9200

- and -

DAVIS POLK & WARDWELL LLP

Arthur J. Burke  
Brian M. Burnovski  
450 Lexington Avenue  
New York, NY 10017  
(212) 450-4000

*Counsel for Defendants Lawrence J. Ellison, Jeffrey S. Berg, H. Raymond Bingham, Michael J. Boskin, Safra A. Catz, Bruce R. Chizen, George H. Conrades, Hector Garcia-Molina, Donald L. Lucas, and Naomi O. Seligman*

RICHARDS LAYTON & FINGER, P.A.

---

Thomas A. Beck (#2086)  
Blake Rohrbacher (#4750)  
Susan M. Hannigan (#5342)  
One Rodney Square  
920 N. King Street  
Wilmington, DE 19801  
(302) 651-7700

*Counsel for Nominal Defendant Oracle Corporation*

GRANT & EISENHOFER, P.A.

---

Stuart M. Grant (#2526)  
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*Counsel for Plaintiffs*

MORRIS, NICHOLS, ARSHT &  
TUNNELL LLP

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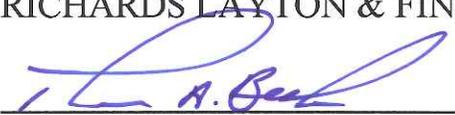
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Susan M. Hannigan (#5342)  
One Rodney Square  
920 N. King Street  
Wilmington, DE 19801  
(302) 651-7700

*Counsel for Nominal Defendant Oracle Corporation*

GRANT & EISENHOFER, P.A.

---

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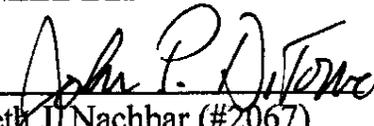
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222 Delaware Avenue, Suite 1100  
Wilmington, DE 19899  
(302) 656-2500

*Counsel for Plaintiffs*

MORRIS, NICHOLS, ARSHT &  
TUNNELL LLP

---

  
Kenneth J. Nachbar (#2067)  
John P. DiTomo (#4850)  
1201 N. Market Street  
P.O. Box 1347  
Wilmington, DE 19899-1347  
(302) 658-9200

*by  
Brendan W.  
Sullivan*

- and -

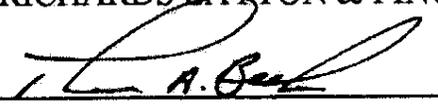
DAVIS POLK & WARDWELL LLP

Arthur J. Burke  
Brian M. Burnovski  
450 Lexington Avenue  
New York, NY 10017  
(212) 450-4000

*Counsel for Defendants Lawrence J.  
Ellison, Jeffrey S. Berg, H. Raymond  
Bingham, Michael J. Boskin, Safra A.  
Catz, Bruce R. Chizen, George H.  
Conrades, Hector Garcia-Molina,  
Donald L. Lucas, and Naomi O. Seligman*

RICHARDS LAYTON & FINGER, P.A.

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Thomas A. Beck (#2086)  
Blake Rohrbacher (#4750)  
Susan M. Hannigan (#5342)  
One Rodney Square  
920 N. King Street  
Wilmington, DE 19801  
(302) 651-7700

*Counsel for Nominal Defendant Oracle  
Corporation*

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CITY OF ROSEVILLE EMPLOYEES' )  
RETIREMENT SYSTEM and )  
SOUTHEASTERN PENNSYLVANIA )  
TRANSPORTATION AUTHORITY, )  
derivatively on behalf of Oracle )  
Corporation, )

Plaintiffs, )

v. )

LAWRENCE J. ELLISON, JEFFREY )  
S. BERG, H. RAYMOND BINGHAM, )  
MICHAEL J. BOSKIN, SAFRA A. )  
CATZ, BRUCE R. CHIZEN, GEORGE )  
H. CONRADES, HECTOR GARCIA- )  
MOLINA, DONALD L. LUCAS, and )  
NAOMI O. SELIGMAN, )

Civ. A. No. 6900-VCP

Defendants, )

-and- )

ORACLE CORPORATION, )

Nominal Defendant. )

**SCHEDULING ORDER**

The parties to the above-captioned shareholder derivative action (the “Action”) having applied, pursuant to Rule 23.1 of the Rules of the Court of Chancery of the State of Delaware, for an Order to approve the proposed settlement (the “Settlement”) of the Action as between the plaintiffs, the defendants, and nominal defendant Oracle Corporation (the “Parties”) in

accordance with the Stipulation and Agreement of Compromise, Settlement and Release entered into by the Parties, dated as of June 13, 2014 (the “Stipulation”), and for the dismissal of the Action with prejudice upon the terms and conditions set forth in the Stipulation; the Court having read and considered the Stipulation and accompanying documents; the Stipulation being sufficient to warrant notice to Oracle stockholders; and all Parties having consented to the entry of this Order,

**NOW, THEREFORE**, this \_\_\_\_ day of \_\_\_\_\_, 2014, upon application of the Parties, **IT IS HEREBY ORDERED** that:

1. Except for terms defined herein, the Court adopts and incorporates the definitions in the Stipulation for purposes of this Order.

2. A hearing (the “Settlement Hearing”) shall be held before The Honorable Donald F. Parsons, Jr., Vice Chancellor, on August [12], 2014 at \_\_\_\_\_ .m., Eastern Time, at the New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 to:

- a. determine whether Plaintiffs and Plaintiffs’ Counsel have adequately represented the interests of Oracle and its stockholders;
- b. determine whether the Settlement should be approved by the Court as fair, reasonable, adequate, and in the best interests of Oracle and its stockholders;
- c. determine whether final judgment should be entered dismissing the Action with prejudice, and releasing, barring, and enjoining prosecution of any and all Released Claims (the “Final Order and Judgment”);

- d. consider an application by Plaintiffs' Counsel for an award of attorneys' fees and expenses;
- e. hear and determine any objections to the Settlement and the application by Plaintiffs' Counsel for an award of attorneys' fees and expenses; and
- f. rule on such other matters as the Court may deem appropriate.

3. The Court reserves the right to adjourn and reconvene the Settlement Hearing, including consideration of the application for attorneys' fees and expenses, without further notice other than by announcement at the Settlement Hearing or any adjournment thereof.

4. The Court reserves the right to approve the Settlement at or after the Settlement Hearing with such modifications as may be consented to by the Parties to the Stipulation and without further notice to Oracle stockholders.

5. Within five (5) business days following the entry of this Order, the Parties shall cause notice of the Settlement to be provided to Oracle stockholders in the following manner: (i) Oracle shall cause the Summary Notice, substantially in the form of Exhibit C to the Stipulation, to be published as a quarter-page advertisement in the national edition of *Investor's Business Daily*; (ii) Oracle shall cause the Stipulation and the Notice, substantially in the form of Exhibit B to the Stipulation, to be posted on the investor relations section of Oracle's website; and (iii) Plaintiffs' Counsel shall cause the Stipulation and the Notice, substantially in

the form of Exhibit B to the Stipulation, to be posted on Plaintiffs' Counsel's respective websites.

6. The form and manner of notice specified herein are the best form and manner of notice practicable and shall constitute due and sufficient notice of the Settlement and the Settlement Hearing to all persons entitled to receive such notice, and fully satisfy the requirements of due process, Court of Chancery Rule 23.1, and applicable law. Oracle and Plaintiffs' Counsel shall, prior to the date of the Settlement Hearing, file proof of the publication of the Notice and the Summary Notice as directed herein.

7. Any Oracle stockholder or other interested party who objects to the Stipulation, the Settlement, the Final Order and Judgment (attached to the Stipulation as Exhibit D) to be entered herein, and/or any application for attorneys' fees and expenses by Plaintiffs' Counsel, or who otherwise wishes to be heard, may appear in person or through his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; *provided, however,* that, except for good cause shown, no person other than Plaintiffs' Counsel and counsel for Defendants and Oracle shall be heard and no papers, briefs, pleadings or other documents submitted by any Oracle stockholder or other interested party shall be considered by the Court unless, not later than twenty-one (21) calendar days prior to the Settlement Hearing, such person files with the

Register in Chancery, The Court of Chancery, 500 North King Street, Wilmington, Delaware 19801, and, on or before the date of such filing, serves by hand delivery or overnight mail on the counsel of record listed below, the following: (i) a written notice of intention to appear; (ii) proof of ownership of Oracle stock or other grounds establishing standing to object to the Settlement; (iii) a detailed statement of the Oracle stockholder's or other interested party's objections to any matter before the Court; and (iv) the grounds therefor or the reasons why the Oracle stockholder or other interested party desires to appear and to be heard, as well as all documents and writing which the Oracle stockholder or other interested party desires the Court to consider. Such filings shall be served upon the following counsel:

*Counsel for Defendants:*

Kenneth J. Nachbar  
MORRIS, NICHOLS, ARSHT &  
TUNNELL LLP  
1201 N. Market Street  
P.O. Box 1347  
Wilmington, DE 19899-1347  
(302) 658-9200

*Counsel for Oracle:*

Thomas A. Beck  
RICHARDS LAYTON & FINGER, P.A.  
One Rodney Square  
920 N. King Street  
Wilmington, DE 19801  
(302) 651-7700

*Counsel for Plaintiffs:*

John C. Kairis  
GRANT & EISENHOFER, P.A.  
123 Justison Street  
Wilmington, DE 19801  
(302) 622-7000

-and-

Pamela S. Tikellis  
CHIMICLES & TIKELLIS LLP  
P.O. Box 1035  
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Wilmington, DE 19899  
(302) 656-2500

8. Any Oracle stockholder or other interested party who fails to object in the manner described above shall be deemed to have waived his, her, or its objection and shall be forever barred from raising any objection in the Action or any other action or proceeding.

9. Counsel for the Parties are directed to promptly furnish each other with copies of any and all objections or other correspondence related to the Stipulation and/or the Settlement Hearing that might come into their possession.

10. All briefs in support of the approval of the Settlement and Plaintiffs' Counsel's application for attorneys' fees and expenses shall be filed with the Court no later than thirty (30) calendar days before the Settlement Hearing; reply papers, if any, shall be filed no later than five (5) calendar days before the Settlement Hearing.

11. All proceedings and pending deadlines in the Action are hereby stayed and suspended until further order of this Court, other than such proceedings as may be necessary to effectuate the terms and conditions of the Settlement. Pending final determination of whether the Settlement should be approved, Plaintiffs, Plaintiffs' Counsel, all Oracle stockholders, Defendants, and Oracle, or any of them as applicable, are enjoined from filing, commencing, or prosecuting any other lawsuit in any jurisdiction with respect to any of the Released Claims.

12. If the Settlement provided for in the Stipulation is approved by the Court at or following the Settlement Hearing, the Court shall, subject to the conditions set forth in the Stipulation, enter a Final Order and Judgment.

13. Each of the Parties is barred from objecting to the Stipulation or any attachment thereto at the Settlement Hearing or otherwise, or from filing an appeal from or otherwise seeking review of the Final Order and Judgment, if such Final Order and Judgment is substantially in the form attached to the Stipulation as Exhibit D, except as required by law.

14. If the Stipulation is terminated pursuant to its terms, the Parties shall be restored to their respective positions prior to the execution of the Stipulation, and shall promptly agree on a new scheduling order to govern further proceedings in the Action.

15. Whether the Final Order and Judgment becomes Final is not conditioned upon the approval of an award of attorneys' fees, costs, and/or expenses, either at all or in any particular amount, by the Court.

16. The Court may, for good cause, extend any of the deadlines set forth in this Order without further notice to Oracle stockholders, and the Court retains jurisdiction to consider all further applications arising out of or connected with the Settlement.

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Vice Chancellor

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CITY OF ROSEVILLE EMPLOYEES' )  
RETIREMENT SYSTEM and )  
SOUTHEASTERN PENNSYLVANIA )  
TRANSPORTATION AUTHORITY, )  
derivatively on behalf of Oracle )  
Corporation, )

Plaintiffs, )

v. )

LAWRENCE J. ELLISON, JEFFREY )  
S. BERG, H. RAYMOND BINGHAM, )  
MICHAEL J. BOSKIN, SAFRA A. )  
CATZ, BRUCE R. CHIZEN, GEORGE )  
H. CONRADES, HECTOR GARCIA- )  
MOLINA, DONALD L. LUCAS, and )  
NAOMI O. SELIGMAN, )

Civ. A. No. 6900-VCP

Defendants, )

-and- )

ORACLE CORPORATION, )

Nominal Defendant. )

**NOTICE OF PENDENCY OF DERIVATIVE ACTION, PROPOSED  
SETTLEMENT OF DERIVATIVE ACTION, SETTLEMENT HEARING,  
AND RIGHT TO APPEAR**

**TO: ALL RECORD AND BENEFICIAL OWNERS OF ORACLE  
CORPORATION COMMON STOCK (“ORACLE  
STOCKHOLDERS”)**

THIS NOTICE IS GIVEN pursuant to an Order of the Court of Chancery of  
the State of Delaware (the “Court”), to inform you of a proposed settlement (the

“Settlement”) in the above-captioned shareholder derivative action (the “Action”), which was brought derivatively on behalf of Oracle Corporation (“Oracle” or the “Company”) by plaintiffs City of Roseville Employees’ Retirement System (“Roseville”) and Southeastern Pennsylvania Transportation Authority (“SEPTA” and, together with Roseville, “Plaintiffs”), against individual defendants Lawrence J. Ellison, Jeffrey S. Berg, H. Raymond Bingham, Michael J. Boskin, Safra A. Catz, Bruce R. Chizen, George H. Conrades, Hector Garcia-Molina, Donald L. Lucas, and Naomi O. Seligman (collectively, “Defendants”), in connection with the Company’s acquisition of Pillar Data Systems, Inc. (“Pillar”). Plaintiffs, Defendants, and Oracle are collectively referred to in this Notice as the “Parties.”

This Notice also informs you of a hearing (the “Settlement Hearing”) to be held on August [12], 2014, at \_\_\_\_\_ .m., Eastern Time, before The Honorable Donald F. Parsons, Jr. at the New Castle County Courthouse, 500 North King Street, Wilmington, DE 19801, to: (a) determine whether Plaintiffs and their counsel (“Plaintiffs’ Counsel”) have adequately represented the interests of Oracle and its stockholders; (b) determine whether the Settlement on the terms and conditions set forth in the Stipulation and Agreement of Compromise, Settlement and Release, dated June 13, 2014 (the “Stipulation,” a complete copy of which is attached as Exhibit 1) should be approved by the Court as fair, reasonable, adequate, and in the best interests of Oracle and its stockholders; (c) determine

whether final judgment should be entered dismissing the Action with prejudice, and releasing, barring, and enjoining prosecution of any and all Released Claims (as defined below); (d) consider an application by Plaintiffs' Counsel for an award of attorneys' fees and expenses; (e) hear and determine any objections to the Settlement and the application by Plaintiffs' Counsel for an award of attorneys' fees and expenses; and (f) rule on such other matters as the Court may deem appropriate. The Court has reserved the right to adjourn or continue the Settlement Hearing, including consideration of the application by Plaintiffs' Counsel for attorneys' fees, without further notice to you other than by announcement at the Settlement Hearing or any adjournment thereof. The Court has further reserved the right to approve the Settlement, at or after the Settlement Hearing, with such modifications as may be consented to by the Parties and without further notice to you of any kind. *Because this is a shareholder derivative action brought for the benefit of Oracle, no individual Oracle Stockholder has the right to receive any individual compensation as a result of the Settlement of this Action.*

**THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON THE STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES OR THE FAIRNESS OR ADEQUACY OF THE PROPOSED SETTLEMENT.**

## **I. BACKGROUND OF THE ACTION**

On June 29, 2011, in a Form 8-K filed with the United States Securities and Exchange Commission, Oracle announced that it had entered into an agreement and plan of merger dated as of June 29, 2011 (the “Merger Agreement”) with Pillar Data Systems, Inc. (“Pillar Data” or “Pillar”), a data storage company, pursuant to which Oracle would acquire all of the issued and outstanding equity interests of Pillar in exchange for the right of Pillar’s former stockholders and option holders to receive certain contingent cash merger consideration (the “Earn-Out”). Prior to Oracle’s acquisition of Pillar (the “Transaction”), Pillar was majority-owned and controlled by Lawrence J. Ellison, Oracle’s Chief Executive Officer and its largest individual stockholder. The Transaction was approved by the non-management directors on Oracle’s Board of Directors (the “Board”), on the recommendation of the Board’s Committee on Independence Issues (the “Independence Committee”).

Pursuant to the Merger Agreement, Oracle did not pay anything up front for Pillar. Rather, the Merger Agreement provides that the Earn-Out, if any, shall be paid by Oracle to Mr. Ellison, certain of his affiliates, and/or the other stockholders and option holders of Pillar on or before November 30, 2014, and will equal an amount (if positive) in cash equal to the product of (i) the difference between (x) the Net Revenues recognized by Oracle from the Pillar Data Axiom Products

during only the last four (4) fiscal quarters of the Earn-Out Period minus (y) the Net Losses (if any) during the entire Earn-Out Period, multiplied by (ii) three (3).<sup>1</sup> At the time the Transaction was approved by Oracle's Board, the Independence Committee's financial advisor estimated the present value of the expected Earn-Out payment to be in the range of \$325 million to \$575 million, with \$463 million being the midpoint of that range. Under the terms of the Merger Agreement, Mr. Ellison and/or certain of his affiliates are entitled to receive approximately the first \$562 million of any Earn-Out payment.

On July 8, 2011, counsel for Roseville served on Oracle a demand to inspect certain corporate books and records pursuant to Section 220 of the Delaware General Corporation Law in connection with the Transaction.

On July 18, 2011, the Transaction closed.

On September 29, 2011, Roseville filed a shareholder derivative complaint on behalf of Oracle, against Defendants as well as Oracle directors Jeffrey O. Henley and Mark Hurd, alleging that the Transaction was not entirely fair to Oracle and asserting claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, waste and unjust enrichment.

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<sup>1</sup> The terms "Net Revenues," "Net Losses," "Pillar Data Axiom Products", and "Earn-Out Period" are defined in the Merger Agreement.

On October 14, 2011, counsel for SEPTA served on Oracle a demand to inspect certain corporate books and records pursuant to Section 220 of the Delaware General Corporation Law in connection with the Transaction.

On November 15, 2011, the Court entered an order which, among other things, permitted SEPTA to intervene as a plaintiff in the Action.

On January 13, 2011, Plaintiffs filed a First Amended Verified Shareholder Derivative Complaint.

On February 29, 2012, defendants in the Action and nominal defendant Oracle moved to dismiss the First Amended Verified Shareholder Derivative Complaint on the ground, among others, that Plaintiffs' claims were not ripe because, under the Earn-Out, the cash consideration to be paid by Oracle for Pillar, if any, would not be determined until the fall of 2014.

On August 22, 2012, the Court granted in part and denied in part the motions to dismiss. Among other things, the Court declined to dismiss the Action for lack of ripeness and permitted breach of fiduciary duty claims to proceed against Defendants. The Court dismissed all claims against Jeffrey O. Henley and Mark Hurd and dismissed Plaintiffs' claims for aiding and abetting, waste and unjust enrichment.

Following the Court's August 22, 2012 ruling, the Parties engaged in extensive fact and expert discovery. Plaintiffs reviewed more than 400,000 pages

of documents produced by Defendants, Oracle and certain third parties. Plaintiffs also deposed 13 individuals, including several Defendants, senior Oracle and Pillar executives, and representatives of the Independence Committee's advisors, Perella Weinberg Partners and Skadden, Arps, Slate, Meagher & Flom LLP. Plaintiffs and Defendants also exchanged five expert reports on behalf of three separate experts and conducted depositions of two of the experts.

On May 3, 2013, Plaintiffs filed a Second Amended Verified Shareholder Derivative Complaint (the "Complaint"), which is the operative complaint in the Action.

On June 14, 2013, Defendants moved for summary judgment on all claims against them.

On June 26, 2013, Oracle filed a Form 10-K with the United States Securities and Exchange Commission, which disclosed that Oracle estimated the current fair value of the Earn-Out liability to be zero—*i.e.*, that Oracle expected the Earn-Out payment to be zero.

On July 24, 2013, the Court granted a motion *in limine* by Plaintiffs to preclude Defendants from introducing at trial any post-closing evidence regarding the fact that Oracle expects the Earn-Out payment to be zero. The Court also declined to set a briefing schedule on Defendants' motion for summary judgment.

During the spring and summer of 2013, counsel for the Parties engaged in arm's-length discussions and negotiations regarding a potential resolution of the Action.

In September 2013, counsel for the Parties and certain of the insurance carriers that provide coverage applicable to the claims asserted in the Action (the "D&O Carriers") participated in several mediation sessions with Vice Chancellor Sam Glasscock III, regarding a potential resolution of the Action. A primary subject of discussion at those mediation sessions was whether the D&O Carriers would be required to fund any award of attorneys' fees that the Court might require Defendants or Oracle to pay as part of an order approving a settlement.

On September 19, 2013, Defendants and Oracle filed a Third-Party Complaint against certain underwriters at Lloyd's, London, Syndicates 623 and 2623 ("Beazley"), seeking, among other things, a declaration that Beazley, one of the D&O Carriers, was obligated to pay, on behalf of Defendants, any losses up to the limit of liability on the Beazley policy for the Action, including Plaintiffs' attorneys' fees and any other amount which the Defendants were required to pay as part of a reasonable settlement approved by this Court (the "Third-Party Complaint").

On October 2, 2013, the Parties executed a Stipulation and Agreement of Compromise, Settlement and Release (the "2013 Settlement Agreement") which

provided for a settlement of all claims in the Action, but was contingent upon Beazley either agreeing or being ordered to pay any attorneys' fees awarded to Plaintiffs' Counsel by the Court. The 2013 Settlement Agreement provided that if this contingency was not satisfied by April 1, 2014, the agreement could be terminated by any Party.

Based upon the 2013 Settlement Agreement, the previously-scheduled trial date of November 18, 2013 was adjourned and the Defendants and Oracle sought a court order declaring that Beazley would be obligated to pay any attorneys' fees awarded to Plaintiffs' Counsel by the Court in conjunction with the proposed settlement.

On January 16, 2014, the Third-Party Complaint filed by Oracle and the Defendants was dismissed without prejudice on the grounds that (i) the claims asserted against Beazley were not ripe and (ii) this Court lacked subject matter jurisdiction.

On March 25, 2014, the Action was reassigned to the Honorable Donald F. Parsons, Jr.

When the contingency in the 2013 Settlement Agreement had not been met by April 1, 2014, the Parties deemed the 2013 Settlement Agreement to be terminated and requested the entry of a new scheduling order to govern the remainder of the litigation.

On April 15, 2014, the Court entered an Amended Stipulation and Scheduling Order, providing for various pretrial deadlines and rescheduling the trial to begin on August 12, 2014. In light of the revised trial date, Vice Chancellor Parsons permitted Defendants to file a renewed motion for summary judgment, and the Amended Stipulation and Scheduling Order set a briefing schedule on that motion.

Subsequent to the Court's entry of the Amended Stipulation and Scheduling Order, counsel for the Parties continued their preparations for trial, including Defendants' submission of a renewed motion for summary judgment on April 18, 2014, and completion of the briefing of the Parties' motions to strike each other's experts. The Court heard oral argument on Plaintiffs' motion to strike Defendants' expert on May 19, 2014.

While preparing for trial, counsel for the Parties also continued their discussions concerning a possible resolution of this Action, including participation in mediation with former Vice Chancellor Stephen P. Lamb. As a result of those discussions, the Parties reached an agreement and executed a Stipulation and Agreement of Compromise, Settlement and Release on June 13, 2014, subject to Court approval, on terms of a revised settlement as reflected herein.

On \_\_\_\_\_, 2014, the Court entered a scheduling order setting a date and time for the Settlement Hearing and establishing customary notice and objection procedures for Oracle Stockholders.

## **II. TERMS OF THE SETTLEMENT**

In consideration for the settlement and release of all Released Claims (as defined below), Mr. Ellison has agreed to pay to Oracle 95% of any and all amounts, if any, that are paid pursuant to the Earn-Out (as defined in the Merger Agreement) to Mr. Ellison, certain of his affiliates, or their respective transferees. Mr. Ellison has agreed to make the payment referenced in the preceding sentence within five (5) business days of Oracle's payment of the Earn-Out, if any. Any such payment by Mr. Ellison shall be treated as a contribution of capital by Mr. Ellison to Oracle and shall not be paid as an offset, reduction or credit against the Earn-Out or any other obligation of Oracle to Mr. Ellison. Neither Oracle nor any Defendant nor any Released Party (as defined below) shall, except as specifically provided in the Stipulation or as ordered by the Court, have any further obligation to pay or bear any amounts, expenses, costs, damages, assessments or fees to or for the benefit of Plaintiffs or Oracle in connection with the Settlement, including but not limited to attorneys' or experts' fees and expenses for any counsel to Plaintiffs, or any costs of notice or otherwise.

### **III. DISMISSALS AND RELEASES**

The Stipulation provides that, subject to approval by the Court pursuant to Court of Chancery Rule 23.1 and the conditions set forth in the Stipulation, for good and valuable consideration, the Action shall be dismissed with prejudice as to all Defendants and against Plaintiffs, Oracle and all Oracle Stockholders, and all Released Claims (defined below) shall be completely, fully, finally and forever released, relinquished, settled, discharged and dismissed with prejudice and without costs, as to all Released Parties.<sup>2</sup>

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<sup>2</sup> “Released Parties” means: (i) Lawrence J. Ellison, Jeffrey S. Berg, H. Raymond Bingham, Michael J. Boskin, Safra A. Catz, Bruce R. Chizen, George H. Conrades, Hector Garcia-Molina, Donald L. Lucas, and Naomi O. Seligman; (ii) any other individual or entity that was originally named as a defendant in the Action; (iii) all other current and former employees, officers, directors and advisers of Oracle, to the extent of any claimed liability relating, directly or indirectly, to the Transaction; and (iv) for each and all of the foregoing persons or entities (but only to the extent such persons or entities are released as provided above), any and all of their respective past or present family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited-liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, managers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys, personal or legal representatives, accountants and associates. Released Parties shall not mean and does not include Beazley or any of the D&O Carriers who have issued insurance to Oracle and/or its present and former directors or officers.

a. “Released Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (defined below), in any court, tribunal, forum or proceeding, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule, that were brought or that could be brought derivatively or otherwise by or on behalf of Oracle against any of the Released Parties, and that now or hereafter are based upon, arise out of, relate in any way to, or involve, directly or indirectly, the terms of the Transaction, the evaluation and negotiation thereof, the consideration paid therefor, any benefit derived therefrom, or the fiduciary obligations of Defendants or any of the Released Parties in connection with the approval, evaluation or negotiation of the Transaction, including but not limited to all claims asserted in the Complaint; *provided, however*, that Released Claims shall not mean and does not include (A) any claims arising from events that occurred after the closing of the Transaction, including claims relating to Oracle’s operation of

Pillar's business, (B) any claims to enforce the terms of the Stipulation, or (C) any claims by Defendants against the D&O Carriers arising out of or related to the D&O Carriers' obligations under the insurance policies and terms applicable to the Action to cover any Loss (as defined in the applicable policies) sustained by Defendants in connection with this Settlement.

If the Settlement becomes final, the releases will extend to any claims of Plaintiffs or Oracle or any Oracle Stockholder that he, she or it does not know or suspect exist in his, her or its favor at the time of the release of the Released Claims as against the Released Parties, including without limitation those claims which, if known, might have affected the decision to enter into or object to the Settlement ("Unknown Claims"). Plaintiffs, Oracle and the Oracle Stockholders shall be deemed to have expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under any law or principle of common law that may have the effect of limiting the releases set forth above, including Section 1542 of the California Civil Code.<sup>3</sup>

**THE COURT HAS NOT DETERMINED THE MERITS OF ANY OF THE CLAIMS MADE BY PLAINTIFFS AGAINST, OR THE DEFENSES OF, THE DEFENDANTS. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING**

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<sup>3</sup> Section 1542 of the California Civil Code states: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

**OF VIOLATION OF ANY LAW OR THAT RELIEF IN ANY FORM OR RECOVERY IN ANY AMOUNT COULD BE HAD IF THE LITIGATION WERE NOT SETTLED.**

**IV. REASONS FOR THE SETTLEMENT**

Plaintiffs, through their counsel, having thoroughly considered the facts and law underlying this Action, believe that the claims in the Action are meritorious and that the Transaction was tainted by conflicts of interest and was unfair to Oracle. Plaintiffs and Plaintiffs' Counsel recognize, however, that the calculation of damages in this Action is highly uncertain because, among other reasons, the amount of the Earn-Out payment is contingent and will not become fixed until after the trial in this Action has concluded. The Settlement provides that, whatever the Earn-Out payment will ultimately be, Mr. Ellison must contribute to the capital of Oracle an amount equal to 95% of the amount that Mr. Ellison, certain of his affiliates, or their respective transferees receive pursuant to the Earn-Out. After weighing the costs and uncertainties of continued litigation against the benefits of the Settlement, Plaintiffs and Plaintiffs' Counsel have determined that it is in the best interests of Oracle and its stockholders that the Action be fully and finally settled as between the Parties in the manner and upon the terms and conditions set forth in the Stipulation, and that these terms and conditions are fair, reasonable and adequate to Oracle and its stockholders.

Defendants have vigorously denied, and continue vigorously to deny, all allegations of wrongdoing, fault, liability or cognizable damage to Oracle, deny that they committed any violation of law, deny that the Transaction was in any way unfair to Oracle, believe that they acted properly at all times, believe that the Action has no merit, and maintain that they have committed no breach of duty whatsoever in connection with the Transaction. Defendants are entering into the Settlement solely because they consider it desirable that the Action be settled and dismissed with prejudice in order to, among other things, (i) avoid the substantial expense, inconvenience and distraction of continued litigation, and (ii) avoid any possibility of liability and finally put to rest the claims asserted against them in the Action.

**V. PLAINTIFFS' ATTORNEYS FEES AND EXPENSES**

Plaintiffs' Counsel intend to apply to the Court for an award of attorneys' fees and expenses in the amount of \$15,000,000, inclusive of expenses and disbursements (the "Fee Application"), to be paid by Oracle. The Fee Application will be subject to approval by the Court. Defendants and Oracle will not oppose the Fee Application, and if specifically asked by the Court for comment on the Fee Application, will represent that, in the context and for the purposes of the Settlement, a Fee Application of \$15,000,000 is within a range of reasonableness.

The Settlement is not conditioned on the Court granting the Fee Application or awarding any, or any particular amount of, attorneys' fees and expenses.

## **VI. CONDITIONS OF SETTLEMENT AND TERMINATION**

The Settlement (including the releases given pursuant to the terms of the Stipulation) shall become final only after all of the following have occurred: (i) a Final Order and Judgment substantially in the form of Exhibit C to the Stipulation is entered by the Court without material alteration or, in the event of material alteration, such alteration is consented to by the Parties; (ii) the Final Order and Judgment becomes Final;<sup>4</sup> and (iii) the Action is dismissed with prejudice against all Defendants, without the award of any damages, costs, fees or the grant of further relief except for the payments contemplated by the Stipulation. If any of these conditions precedent fails to occur, the Stipulation and Settlement (including the releases given pursuant to the terms of the Stipulation) shall be terminated and shall become null and void and of no force and effect, unless otherwise agreed by the Parties.

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<sup>4</sup> "Final" means: (i) if no appeal from the order and/or judgment is taken, the date on which the time for taking such an appeal expires, or (ii) if any appeal is taken, the date on which all appeals, including petitions for rehearing or reargument, have been finally disposed of (whether through expiration of time to file, denial of any request for review, by affirmance on the merits, or otherwise) in a manner that does not result in any material alteration of the order and/or judgment. The Court's ruling or failure to rule on any application by Plaintiffs' Counsel for attorneys' fees and expenses or any modification of any award of attorneys' fees and expenses, shall not preclude the Final Order and Judgment from becoming Final.

In the event of termination of the Stipulation in accordance with its terms, the Parties shall be restored to their respective positions prior to the execution of the Stipulation, and shall promptly agree on a new scheduling order to govern further proceedings in the Action.

## **VII. SETTLEMENT HEARING**

The Court has scheduled the Settlement Hearing for August [12], 2014 at \_\_\_\_\_ .m., Eastern Time, at the New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 to:

- a. determine whether Plaintiffs and Plaintiffs' Counsel have adequately represented the interests of Oracle and its stockholders;
- b. determine whether the Settlement should be approved by the Court as fair, reasonable, adequate, and in the best interests of Oracle and its stockholders;
- c. determine whether, subject to the conditions set forth in the Stipulation, final judgment should be entered dismissing the Action as between the Parties with prejudice, and releasing, barring, and enjoining prosecution of any and all Released Claims;
- d. consider an application by Plaintiffs' Counsel for an award of attorneys' fees and expenses;
- e. hear and determine any objections to the Settlement and the application by Plaintiffs' Counsel for an award of attorneys' fees and expenses; and
- f. rule on such other matters as the Court may deem appropriate.

The Court has reserved the right to adjourn the Settlement Hearing or any adjournment thereof, without further notice of any kind to Oracle Stockholders.

The Court has also reserved the right to approve the Settlement at or after the Settlement Hearing with such modification(s) as may be consented to by the Parties and without further notice to Oracle Stockholders.

### **VIII. RIGHT TO APPEAR AND OBJECT**

Any Oracle Stockholder or other interested party who objects to the Stipulation, the Settlement, the Final Order and Judgment to be entered herein, and/or any application for attorneys' fees and expenses by Plaintiffs' Counsel, or who otherwise wishes to be heard, may appear in person or through his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; *provided, however*, that, except for good cause shown, no person other than Plaintiffs' Counsel and counsel for Defendants and Oracle shall be heard and no papers, briefs, pleadings or other documents submitted by any Oracle Stockholder or other interested party shall be considered by the Court unless, not later than twenty-one (21) calendar days prior to the Settlement Hearing, such person files with the Register in Chancery, The Court of Chancery, 500 North King Street, Wilmington, Delaware 19801, and, on or before such filing, serves by hand delivery or overnight mail on the counsel of record listed below, the following: (i) a written notice of intention to appear; (ii) proof of ownership of Oracle stock or other grounds establishing standing to object to the Settlement; (iii) a detailed statement of the Oracle Stockholder's or other interested party's

objections to any matter before the Court; and (iv) the grounds therefor or the reasons why the Oracle Stockholder or other interested party desires to appear and to be heard, as well as all documents and writing which the Oracle Stockholder or other interested party desires the Court to consider. Such filings shall be served upon the following counsel:

*Counsel for Defendants:*

Kenneth J. Nachbar  
MORRIS, NICHOLS, ARSHT &  
TUNNELL LLP  
1201 N. Market Street  
P.O. Box 1347  
Wilmington, DE 19899-1347  
(302) 658-9200

*Counsel for Oracle:*

Thomas A. Beck  
RICHARDS LAYTON & FINGER, P.A.  
One Rodney Square  
920 N. King Street  
Wilmington, DE 19801  
(302) 651-7700

*Counsel for Plaintiffs:*

John C. Kairis  
GRANT & EISENHOFER, P.A.  
123 Justison Street  
Wilmington, DE 19801  
(302) 622-7000

-and-

Pamela S. Tikellis  
CHIMICLES & TIKELLIS LLP  
P.O. Box 1035  
222 Delaware Avenue, Suite 1100  
Wilmington, DE 19899  
(302) 656-2500

Unless the Court otherwise directs, no person shall be entitled to object to the approval of the Settlement, to any Final Order and Judgment entered thereon, to any award of attorneys' fees and expenses or to otherwise to be heard, except by serving and filing a written objection and supporting papers and documents as prescribed above. *Any Oracle Stockholder or other interested party who fails to object in the manner described above shall be deemed to have waived the right to object (including any right of appeal) and shall be forever barred from raising such objection in this or any other action or proceeding unless the Court orders otherwise.*

#### **IX. FINAL ORDER AND JUDGMENT OF THE COURT**

If the Court determines that the Settlement is fair, reasonable and adequate, the parties will ask the Court to enter a Final Order and Judgment, which will, among other things:

1. approve the Settlement as fair, reasonable and adequate, pursuant to Court of Chancery Rule 23.1;
2. authorize and direct performance of the Settlement in accordance with its terms and conditions and reserve jurisdiction to supervise the consummation of the Settlement; and
3. dismiss the Action with prejudice and release the Released Parties from the Released Claims.

**X. INTERIM INJUNCTION**

All proceedings in the Action have been stayed and suspended until further order of the Court, other than such proceedings as may be necessary to effectuate the terms and conditions of the Settlement. Pending final determination of whether the Stipulation and Settlement should be approved, Plaintiffs, Plaintiffs' Counsel, Oracle, Defendants and all Oracle Stockholders, or any of them as applicable, are enjoined from filing, commencing, or prosecuting any other lawsuit in any jurisdiction with respect to any Released Claims.

**XI. SCOPE OF THE NOTICE**

This Notice does not purport to be a comprehensive description of the Action, the allegations or transactions related thereto, the terms of the Settlement, or the Settlement Hearing. For a more detailed statement of the matters involved in this litigation, you may inspect the pleadings, the Stipulation, the Orders entered by the Court of Chancery and other papers filed in the Action, unless sealed, at the Office of the Register in Chancery in the Court of Chancery of the State of Delaware, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801, during regular business hours of each business day. If you have other questions, you may contact the following representatives of Plaintiffs' Counsel:

Lorin Walls  
Louise Conner  
CHIMICLES & TIKELLIS LLP  
P.O. Box 1035  
222 Delaware Avenue, Suite 1100  
Wilmington, DE 19899  
(302) 656-2500

**DO NOT WRITE OR TELEPHONE THE COURT REGARDING THIS  
NOTICE.**

DATED: \_\_\_\_\_, 2014      BY ORDER OF THE COURT OF CHANCERY  
OF THE STATE OF DELAWARE

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CITY OF ROSEVILLE EMPLOYEES' )  
RETIREMENT SYSTEM and )  
SOUTHEASTERN PENNSYLVANIA )  
TRANSPORTATION AUTHORITY, )  
derivatively on behalf of Oracle )  
Corporation, )

Plaintiffs, )

v. )

LAWRENCE J. ELLISON, JEFFREY )  
S. BERG, H. RAYMOND BINGHAM, )  
MICHAEL J. BOSKIN, SAFRA A. )  
CATZ, BRUCE R. CHIZEN, GEORGE )  
H. CONRADES, HECTOR GARCIA- )  
MOLINA, DONALD L. LUCAS, and )  
NAOMI O. SELIGMAN, )

Civ. A. No. 6900-VCP

Defendants, )

-and- )

ORACLE CORPORATION, )

Nominal Defendant.

**NOTICE OF SETTLEMENT OF STOCKHOLDER DERIVATIVE LITIGATION**

**TO: ALL RECORD AND BENEFICIAL OWNERS OF ORACLE CORPORATION COMMON STOCK (“ORACLE STOCKHOLDERS”):**

YOU ARE HEREBY NOTIFIED that the plaintiffs, defendants, and nominal defendant (the “Parties”) in the above-captioned derivative lawsuit (the “Action”) have entered into a proposed settlement of the Action (the “Settlement”).

PLEASE BE FURTHER ADVISED that, pursuant to a Scheduling Order of the Court of Chancery of the State of Delaware dated \_\_\_\_\_, 2014, a hearing (the “Settlement Hearing”) will be held on August [12], 2014, at \_\_\_\_\_ .m., Eastern Time, before The Honorable Donald F. Parsons, Jr., in the Court of Chancery of the State of Delaware, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801. The purpose of the Settlement Hearing is to: (a) determine whether the plaintiffs and their counsel have adequately represented the interests of Oracle and its stockholders; (b) determine whether the Settlement should be approved by the Court as fair, reasonable, adequate, and in the best interests of Oracle and its stockholders; (c) determine whether, subject to the conditions of the Settlement, final judgment should be entered dismissing the Action as between the Parties with prejudice, and releasing, barring, and enjoining prosecution of certain claims; (d) consider an application by the plaintiffs’ counsel for an award of attorneys’ fees and expenses; (e) hear and determine any objections to the Settlement and the application by the plaintiffs’ counsel for an award of attorneys’ fees and expenses; and (f) rule on such other matters as the Court may deem appropriate. ***Because this is a shareholder derivative action brought for the benefit of Oracle, no individual Oracle Stockholder has the right to receive any individual compensation as a result of the settlement of this action.***

The Action and Settlement address claims alleging that certain Oracle directors and officers breached their fiduciary duties to the Company in causing Oracle to purchase Pillar Data Systems, Inc. (“Pillar”), a data storage company that was majority-owned and controlled by Oracle’s Chief Executive Officer, Lawrence J. Ellison. Pursuant to the terms of the transaction, Oracle did not pay anything up front for Pillar but agreed to pay Mr. Ellison, certain of his affiliates and, if applicable, Pillar Data’s other stockholders and option holders certain contingent consideration three years after the closing of the transaction in an amount to be determined pursuant to an agreed-upon formula based on Pillar’s revenues in the third-year after the transaction and its cumulative losses during the first three years after the transaction (the “Earn-Out”).

Pursuant to the terms of the Settlement, Mr. Ellison has agreed for the benefit of Oracle to contribute to the capital of the Company an amount equal to 95% of any and all amounts, if any, that are paid to Mr. Ellison, certain of his affiliates, or their respective transferees pursuant to the Earn-Out. At or before the Settlement Hearing, the plaintiffs’ counsel intend to apply to the Court for an award of attorneys’ fees and expenses in the amount of \$15,000,000, inclusive of expenses and disbursements, to be paid by Oracle. The defendants and Oracle will not oppose the application for fees and expenses.

If the Settlement is approved, the Action will be dismissed with prejudice and the defendants will be released by the plaintiffs, Oracle and its stockholders from all claims that were or could have been alleged in the Action concerning Oracle's entry into the challenged transaction.

ANY ORACLE STOCKHOLDER OR OTHER INTERESTED PARTY WHO WISHES TO CONTEST EITHER THE SETTLEMENT OR THE APPLICATION FOR FEES AND EXPENSES BY THE PLAINTIFFS' COUNSEL, MAY DO SO BY FOLLOWING THE PROCEDURE SET FORTH IN SECTION VIII OF THE NOTICE OF PENDENCY OF DERIVATIVE ACTION, PROPOSED SETTLEMENT OF DERIVATIVE ACTION, SETTLEMENT HEARING, AND RIGHT TO APPEAR (the "Notice"). The Notice, as well as the Stipulation, are available on Oracle's website at \_\_\_\_\_ and on Plaintiffs' Counsel's websites at [www.gelaw.com](http://www.gelaw.com) and [www.chimicles.com](http://www.chimicles.com).

**DO NOT WRITE OR TELEPHONE THE COURT REGARDING THIS NOTICE.**

DATED: \_\_\_\_\_, 2014 BY ORDER OF THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CITY OF ROSEVILLE EMPLOYEES' )  
RETIREMENT SYSTEM and )  
SOUTHEASTERN PENNSYLVANIA )  
TRANSPORTATION AUTHORITY, )  
derivatively on behalf of Oracle )  
Corporation, )

Plaintiffs, )

v. )

LAWRENCE J. ELLISON, JEFFREY )  
S. BERG, H. RAYMOND BINGHAM, )  
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CATZ, BRUCE R. CHIZEN, GEORGE )  
H. CONRADES, HECTOR GARCIA- )  
MOLINA, DONALD L. LUCAS, and )  
NAOMI O. SELIGMAN, )

Civ. A. No. 6900-VCP

Defendants, )

-and- )

ORACLE CORPORATION, )

Nominal Defendant. )

**FINAL ORDER AND JUDGMENT**

A hearing having been held before this Court (the "Court") on \_\_\_\_\_  
\_\_\_\_, 2014, pursuant to the Court's Order of \_\_\_\_\_, 2014 (the "Scheduling  
Order"), upon a Stipulation and Agreement of Compromise, Settlement and  
Release, executed on June 13, 2014 (the "Stipulation") in the above-captioned  
shareholder derivative action (the "Action"), which is incorporated herein by

reference; it appearing that due notice of the hearing has been given in accordance with the Scheduling Order; the respective parties having appeared by their attorneys of record; the Court having heard and considered evidence in support of the proposed Settlement; the attorneys for the respective parties having been heard; an opportunity to be heard having been given to all other persons requesting to be heard in accordance with the Scheduling Order; the Court having determined that notice to Oracle's stockholders was adequate and sufficient; and the entire matter of the proposed Settlement having been heard and considered by the Court;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, this \_\_\_\_ day of \_\_\_\_\_, 2014, as follows:

1. Unless otherwise defined herein, all defined terms shall have the meanings as set forth in the Stipulation and the Scheduling Order.
2. The Notice of Pendency of Derivative Action, Proposed Settlement of Derivative Action, Settlement Hearing, and Right to Appear (the "Notice") has been given to stockholders of Oracle Corporation ("Oracle" or the "Company") pursuant to and in the manner directed by the Scheduling Order; proofs of publication of the required notices were filed with the Court; and full opportunity to be heard has been offered to all Parties and Oracle stockholders. The form and manner of the notice provided is hereby confirmed to have been the best notice practicable under the circumstances and to have been given in full compliance with

each of the requirements of Rule 23.1 of the Rules of the Court of Chancery of the State of Delaware, due process and applicable law, and it is further determined that the Company, Plaintiffs and all Oracle stockholders are bound by this Final Order and Judgment.

3. Based on the record in the Action, each of the provisions of Court of Chancery Rule 23.1 has been satisfied and the Action has been properly maintained according to the provisions of Court of Chancery Rule 23.1.

4. Plaintiffs Roseville and SEPTA have held stock in the Company since the time of the conduct complained of in the Action, otherwise have standing to prosecute the Action, and are adequate representatives of all stockholders of the Company.

5. The Stipulation and the Settlement are found to be fair, reasonable and adequate, and in the best interests of Oracle and the Company's stockholders, and are hereby approved pursuant to Court of Chancery Rule 23.1. The Parties are hereby authorized and directed to comply with and to consummate the Settlement in accordance with its terms and provisions, and the Register in Chancery is directed to enter and docket this Final Order and Judgment.

6. This Final Order and Judgment is binding on the Parties and all Oracle stockholders and shall have preclusive effect in all pending and future lawsuits or other proceedings maintained by or on behalf of the Parties or Oracle stockholders.

7. All claims brought in the Action by Plaintiffs on behalf of Oracle are hereby dismissed with prejudice as of the Final Settlement Date as to all Defendants and as to the Company, without fees, costs or expenses to any Party except as provided in Paragraph 13 below.

8. Upon the Final Settlement Date, Plaintiffs, Defendants, Oracle and all Oracle stockholders, by operation of the Stipulation, by operation of this Final Order and Judgment and to the fullest extent allowed by law, shall completely, fully, finally and forever release, relinquish, settle, and discharge each and all of the Released Parties from any and all of the Released Claims.

9. The Released Claims include any claims that the parties granting the releases do not know or suspect exist at the time of the releases, which if known, might have affected the releasing parties' decision to enter into the release; the releasing parties shall be deemed to relinquish, to the extent applicable and to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code; and the releasing parties shall be deemed to waive any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code Section 1542.

10. The Parties are hereby authorized, without further approval from the Court, to agree to adopt such amendments, modifications, and expansions of the

Stipulation that are consistent with this Final Order and Judgment and the Stipulation and that do not limit the rights of the Parties or Oracle's stockholders under the Stipulation.

11. Plaintiffs, Defendants, Oracle and each and every Oracle stockholder are, as of the Final Settlement Date, permanently barred and enjoined from asserting, commencing, prosecuting, assisting, instigating, continuing or in any way participating in the commencement or prosecution of any action, whether directly, representatively, derivatively or in any other capacity, any Released Claims.

12. Neither the Stipulation, the Settlement, this Final Order and Judgment, nor any act performed, statement made or document executed pursuant to or in furtherance of the Settlement is or may be construed or deemed to be a presumption, concession or admission by: (i) any of the Defendants, Released Parties or Oracle as to the validity of any claims, defenses, other issues raised, or which might be or might have been raised, in the Action or in any other litigation, or to be evidence of or constitute an admission of wrongdoing or liability by any of them, and each of them expressly denies any such wrongdoing or liability; or (ii) Plaintiffs as to the infirmity of any claim or the validity of any defense.

13. Plaintiffs' Counsel are hereby awarded attorneys' fees and expenses in the total amount of \$ \_\_\_\_\_, which sum the Court finds to be

fair and reasonable. The Court hereby directs Oracle to pay such amount to Plaintiffs' Counsel in accordance with the terms of the Stipulation.

14. No proceedings or court order with respect to the award, if any, of attorneys' fees and expenses to Plaintiffs' Counsel shall in any way disturb or affect this Final Order and Judgment (including precluding the Final Order and Judgment from being Final or otherwise being entitled to preclusive effect), and any such proceedings or court order shall be considered separate from this Final Order and Judgment.

15. Without affecting the finality of this Final Order and Judgment, this Court retains jurisdiction over all matters relating to the administration and consummation of the Settlement and all parties hereto for the purpose of construing, enforcing and administering the Settlement.

16. In the event that the Settlement does not become effective or is terminated in accordance with the terms of the Stipulation, then this Final Order and Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated, and, in such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided for and in accordance with the Stipulation.

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Vice Chancellor