US EXECUTIVE APPROVAL FORM

CUSTOMER NAME: Emerson Electric Co #2, updated request as of 5/17/03

SECTION I - Approval Requests: Revised as of 5/29/03 in blue for clarification, Updated Approval request as of 5/27/03

This approval update is being submitted with the understanding that Emerson has already received significant concessions. Emerson is prepared to place the order this week, however they believed several of the terms in the amendment fundamentally changed their existing agreement. They want to keep the contracts simple and consistent and requested we remove items not consistent with the existing agreement.

HQAPP Requests:

1. Request to change External User definition to include 3 component definitions as a result of conversation with Safra on 5/28. In effort to get clarity around this issue they want the contract to reflect 3 types of external users that need different metric licenses as follows:
   External User – Will be defined as the category of users listed below. Emerson and Oracle understand this list will be reviewed on a periodic basis to ensure compliance and to evaluate new scenarios that may apply.
   a. **Exclusive agents** – use the approved definition with slight change. See change below in highlight. "Is defined as a licensed individual in your distribution and sales channels only who is not your employee, contractor, outsourcer, **dealers, VARs, and distributors**, and is licensed and authorized by you to use the programs which are installed on a single or on multiple servers."
   b. **Outsourcers** – These users will be licensed per the Emerson contract terms for application full use and casual user model.
   c. **Customers and Suppliers** – These users will have access to Emerson installed core eBusiness applications based on Emerson licensing the prerequisite applications as listed below.
      1. **Ability to access Configurator** – prerequisite modules to be licensed for majority use at the Emerson division are Order and Management, Inventory Management
      2. **Ability to access iStore** – prerequisite modules to be licensed for majority use at the Emerson division are Order Management, Inventory, and Advanced Pricing
      3. **Ability to access iSupport** - – prerequisite modules to be licensed for majority use at the Emerson division are TeleService.
      4. **Ability to access iSupplier Portal** - – prerequisite modules to be licensed for majority use at the Emerson division are Financials, Accounts Payable, and Purchasing
      5. **Ability to access iReceivables** – prerequisite modules to be licensed for majority use at the Emerson division are Financials
      6. **Ability to access Mobile Sales, Wireless Options for Sales, Incentive Compensation, Sales Intelligence** – prerequisites modules to be licensed for majority use at the Emerson division are Sales-Online.

Justification: Based on discussions with Safra on 5/28, Emerson understands they need to have the prerequisite licenses installed in the division in order for Emerson Customer and Suppliers to have access. Customer finally provided examples by business unit of how the applications would be users. We have hard copy of these business scenarios that will be faxed. Their concern was if we missed a scenario they would not be in compliant. The above definition encompasses the scenerios.

Emerson believes this would clarify different types of usage and keep the contract simple to the original intent. Sales team pushed hard on wanting more detail on the customer/supplier user requirements. Emerson firmly believes they are included in the agreement and would not provide detail. They believe there are too many examples with minimum usage to warrant a new license metric. They believe they would unfairly penalize their users to migrate to Oracle by also imposing a cost to their external web-based users.

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GOVERNMENT EXHIBIT
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Brian Comment – Safra understands our position here.

2. Remove all definitions from the contract to conform with existing Emerson agreement.

Justification: The existing Emerson agreement does not have definitions for the products in the price hold. Although they requested to add products to this list, they did not think it would impact their existing agreement by added definitions they had negotiated out on the last agreement.

Brian Comment – I have a hard time with us holding a set price for one named user of database but then not defining what a Named User is. Isn't that a pretty crucial term for a price hold. But if Safra is OK leaving that for the eventual OD, then fine. But Emerson can't negotiate them later so why not get it secured now in their agreement. I don't know why it wasn't in there the first time. Contracts just missed it.

3. Remove minimum user requirements or keep them at Name User levels with all new options at NU metric. If we keep the NU minimums in the agreement, then change the wording for db options restrictions to be the following:
    a. When purchasing Enterprise Edition option licenses, Enterpise Manager license customer must match the number of licenses of the associated db. Note, strike RDB option in the sentence.
    b. When purchasing Internet Application Server Enterpise Edition option licenses……

Justification: The existing contract does not have the minimum users requirements and they would be willing to remain at the Named User metric on all new products. They believe the minumum requirements would penalize them during their implentation period when user counts are low. The requirements would also slow down the adoption of Oracle for other price hold products since they currently do not have minimums and did not set internal expectations. I believe they would consider the Name User minimums, but not the NU Plus minimums.

Brian Comment – Let's just keep them on the old Named User and keep mins at 10. We have risk that they will have batch processes and not count them since other customer did with our old NU definition, but I guess we can live with that.

4. Remove paragraph requiring them to maintain continous support.

Justification: These terms are not in the existing Emerson agreement for products under the price hold section, however they did agree to these terms for the eBiz suite users. Emerson was concerned we were adding terms to the agreement they negotiated out of the existing contract.

Brian Comment – I don't think that REVREC will allow this… it is a requirement for all price holds now for accounting reasons. If REVREC is Ok with removing are we? They are correct it is not in the original.

5. Remove the price list supplement requirements and attachment to the original contract.

Justification: Agreement during meeting with Safra they did not apply to eBiz Emerson agreement. Supplement states license requirements not applicable to contract such as apps specific db requirements.

Brian Comment – Fine. Approve.

6. Request approval for JE of $102,800 to cover support for licenses being purchased in advanced in return for obtaining these above terms. Approval is for $61K (worth 7 months).

Justification: Mistake made by sales team thinking the approval was for 12 months and miscommunicated to the customer who communicated to their business. Emerson already set the expectation with the divisions who are buying the license, but clearly understand this is not the norm and will not be a precendent for any future purchases.

Brian Comment – Too much of a concession. If they are not ready, then let's wait on the whole thing until they are. We should not have to pay their support.
CB - Update – understood. Customer willing to pay the remaining months based on positive conversation with Safra regarding external users.

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Previously approved requests (include date of approval):

1. Request to JE license revenue to cover $61K of support cost associated with and order worth $849K. In lue of purchasing all 705 external users in the transaction, Emerson would like to purchase ½ the external users at $800 and apps/casuals users per the contract terms. The user counts for the apps/casuals users are a combination of current and planned need for the next few months. The $61k in support is associated with the external users and about $200K worth of apps/casual users being purchased a few months in advance. (this covers 7 months of support – contract must state full value of a year's worth of support)
    a. Sales recognizes we have made significant concessions, but want to minimize the back and forth of contract clarification, placement of orders in increments of 24 users, and to hold Emerson accountable to their commitment to place a "significant order" in return for the additional terms.
2. Request clarification of license requirements for customers accessing Emerson applications via the web. These users are not included in the definition of external user. Emerson requested clarification for isupport, isupplier portal, istore, and configurator. Given the list of products in the contract, we should also request clarification for adviced pricing, istore, ipayment, ireceivables, and marketing on-line. Emerson understood from pervious conversations their customers and suppliers would be covered under the agreement otherwise they would have had to purchase the processor based metric for these users. This was an item discussed during the 3/5 meeting, but was not requested in previous HQAPP request since the focus was on definition of external users and Emerson believe it was not an issue. This is a clarification request to determine how to proceed with Emerson.

Justification:

1. Emerson is prepared to sign the deal next week for a total amount of $849K in license. We made significant progress since they were planning to spend $335K until we discussed the value of obtaining the external use pricing, additions to the ebiz bundle, and their verbal commitment they made to place a "significant" order in Q4. Instead of placing multiple small orders of 24 user counts they would place this order in one transaction
2. The incremental users being purchased are a consolidation of requirments for planned roll-out and external user requirements within the 6 months.
3. Emerson is requesting we cover the cost of support 103K associated with some of these licenses they are buying a few months in advance. Although we do not want to create an incentive for Emerson to buy forward, this case is unique given the external user purchase.
4. In the interest of getting Q4 revenue, the sales team is requesting the ability to JE the $103K from license revenue to support and clearly understand this is not going to be approved in the future
5. Account team would like to focus on implementation activity in Q1/Q2 rather thin working on user counts. Emerson has demonstrated they hold back this information and are not procurring and implementing as quickly as promisted.
6. Emerson agreed we want this done so we can focus on implementation over the next few months and not on placing small incremental orders
7. Emerson has demonstrated they will backpedal on commitments causing us to push them to place an order regardless of the amount and contract terms
8. Request the clarification for web-based access for customers since Emerson believes these users are not required to be licenses similar to other accounts who purchase the processor-based licenses for iSupport, iSupplier portal. The user counts are very difficult to count, hence the processor based license metric is typically purchased. The sales team is requesting clarification to determine how to proceed with these discussions.

1. Per Emerson's EBusiness Suite Contract dated 2/20/02, allow them to purchase 200 Application Users ($2,000/user License; 20% Support) and 200 Application Casual Users ($400/user License;20%Support).

As of HQAPP Approval 5/5/3 the following was approved:

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Everyone - this is approved by LJE with the following comments.

1) Min order. The min net fees should be $564,000. I got this number from taking the 705 external users they said they needed quickly for a division at the $800/external user price that they negotiated with us for this buy. If we do sell them these external users, then we need to carefully define external user so that it prohibits them for using that license for any employees... ideally we should also exclude contractors. We should limit to the sales channel, etc.

Emerson can meet this by any combination of purchases off their agreement, but we do need a significant deal. If sales wants to position $650K as the min, that is OK by us as well and we will support that. I just feel you might want to be prepared to go back to the $564,000 number if pushed because it is something concrete from the meeting that I felt they committed to. Your call. We will support either min.

2) We will need to attribute revenue to each of the new products we are adding to the bundle. We will need to attribute revenue for the 500 developer users we will be selling them of the new products for the applications bundle and for the 25,000 self-service users if iRecruitment we will be selling them. This will make sure that their existing users have access to the same programs as will now be included in their price holds going forward.

Cindy and Tracy are going to work on putting together that pricing.

3) It is approved to add these programs to their price hold bundles for application users and self service users. No increase in price.

4) It is approved to show net fees only on this order.

5) We do not have to give them a price hold for external users if they will accept this without one. Or if we do give them the $800 per user price hold, the you can also add wording that we can evaluate each time before we offer it. Or you can just give them a price hold at $800. Cindy - let me know how this goes.

6) 20% of net is approved for this deal.

7) The other requests are approved by LJE.

Please let me know if anyone has questions about this.

Request HQAPP review/input on the below changes to the existing Feb 2002 Order Document based on verbal agreement between Safra and Greg Carmichael. Customer must spend a minimum of $650K net L (after any net fee migrations if applicable) this FY in order to get this expanded bundle (need clarification on this per (1.) below.

1. HQAPP – Oracle positioned in their meeting with Emerson that there must be a "significant" purchase in order to get these concessions. Sales team is setting the threshold at $650K net L (after any applicable migrations). If $650K new Q4 net L isn't the right minimum purchase amount, please advise.

2. Request to amend existing contract bundles in the Feb 02 Order as follows. All products below are based on the current Price List.

   <u>The following products will be added to the Suite Application User and the Suite Casual User:</u>
   - **Financial**
     - Advanced Collections
   - **Financial Services**
     - Lease Management
   - **Maintenance Mangement**
     - Enterprise Asset Management
   - **Order Management & Logitics**

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  - Transportation
- **Other**
  - Customer Model
  - Customer Data Librarian
  - Customers Online
- **Projects**
  - Project Collaboration
  - Project Management
- **Supply Chain Planning**
  - Collaborative Planning
- **High Tech**
  - Shop Floor Management
- **Aerospace, Defense and Transportation**
  - Complex Maintenance, Repair, and Overhaul

The following products will be added to the Self-Service Bundle:

- **Human Resources**
  - iRecruitment

HQAPP – Please advise if the intent was to add these additional products at no charge for license or support, or if customer will be paying incremental support fees for the additional functionality. The issue of paying for support has not been discussed with the customer at this point. If intent is that customer will pay for support, it would be at 20% of net license fees with the flatline and cap matching the term of the original Order Doc. Although there is no immediate revrec impact. If HQAPP approves the 20% of net support pricing, RevRec will take to Global RevRec (per the new policy requirements). This would be a concession (done at the same time as generating new license revenue) that must be disclosed to the auditors, if approved.

3. Support in the existing Order Document is at 20% of net. Price hold for the updated user bundles remains as is in the contract with support at 20% of net flatlined until 2/07 and cap for 5 addn'l years thereafter at 5%.

   HQAPP – There may be a revrec issue with adding products to the bundle at no additional charge and also an issue with support remaining at 20% of net. This will have to be escalated to global revrec after your review/approval. We may have to end up charging customer a minimal amount to add addn'l products to the bundle (99.999% disct) so we have incremental revenue for incremental functionality. If adding products to the bundle is approved, we will have to log as a concession, although there is no immediate revrec impact. If HQAPP approves the 20% of net support pricing, RevRec will take to Global RevRec (per the new policy requirements).

4. Currently there is language in the contract (Sec C.5) that states "If you (customer) want to add future products to the bundles, both parties agree to negotiate terms and pricing in good faith."

   HQAPP – This implies that Oracle will agree to add additional products in the future (it's customer's call). Given the concessions we're giving herein, not sure what the intent of adding additional products in the future is. We can either leave the clause untouched, remove it all together, or soften it up to say "If customer wants to add products in the future, we'll agree to discuss but we're not under any obligation to do so." Sales believes that we mayl only agree to adding future products in the bundle if there is another "signigicant purchase". Although not an immediate RevRec issue for this dealRevrec advises us not to put any language in this contract tying adding additional functionality with future license revenue. Please advise.

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5. Migrating Existing Bundle Users – We're assuming that if customer is currently licensed for any of the bundles, that they can move to the new bundle at no additional license or support charge (old SS bundle users can move to new SS bundle user with the additional functionality).

   HQAPP – Please advise if this was the intent from the meeting, or if the intent was that customer pays fees to migrate (either license and support or both). This will be a concession we have to log but should be no immediate revrec impact even if the customer does not have to pay. Sales believes customer is not expecting to pay anything.

6. Create "eBusiness Suite External Application User" license metric based on the updated bundles for use only by Emerson's distribution and sales channels, not their employees. Definition will be restricted for this type of use. Price established at $800 net L per full use user and support at 20% of net L to match terms of existing Order document. Emerson verbally agreed to purchase 705 users. This bundle includes the updated applications bundle and a full use db license restricted for use with the Oracle applications in the Order Doc.

   HQAPP – There may be a revrec issue with pricing support at 20% of net. Per the new policy, if HQAPP approves, RevRec will take to Global RevRec as this will be a new purchase, not off their price hold. This will be logged as a concession.

7. Include language in the contract stating that if customer requires additional External Application User, requests will be evaluated on a case by case basis and Oracle is not obligated to sell additional users. Price hold to coterm with existing price hold on 2/07 at $800 net L and 20% on support.

8. Clarify that the database products in the existing bundles are full use, but for use only with the Oracle applications licensed in the bundle. This is just a clarification to the original deal. We are not changing any terms.

9. Request to add additional standard metric products off today's Price List to the Price Hold in "Additional Licenses", Sec C.9. (see list below) per meeting with Safra on 4/8 at the same 70% discount with support at 20%. Request support to be 0% flatline for 3 years from ED to match terms of existing Order Doc.

   HQAPP – If you approve 20% support pricing, RevRec will consult Global RevRec. The discount on the new transaction – 70% will be subject to normal price hold discounting limitations.

   - **Database Products**
     - IAS Java Edition
     - JDeveloper
   - **Data Warehouse Products**
     - Pure Name & Address (North America)
     - Pure Name & Address (Latin America)
     - Pure Name & Address (EMEA)
     - Pure Name & Address (APAC)
     - Express Server
     - Express Analyzer
     - Express Objects
   - **Integration Products**
     - Open Systems Gateway
     - Mainframe Integration Gateways
     - Enterprise Integration Gateways
     - EDA/SQL Gateway
     - InterConnect Adapters
   - **Internet Application Servers (IAS)**
     - Java Edition

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- **Other Server Products**
  - Message Broker
- **Tools**
  - Internet Developer Suite (iDS)
  - Discoverer Desktop Edition
  - Programmer
  - JDeveloper
- **Collaboration**
  - Collaboration Suite
  - Files

10. Include language in the contract that states an Bundle user can only use the included database for portal use provided: A. all users going through the portal must be a user of the apps under the contract (either full apps user or self service apps user) & B. the majority of the applications that the portal is used for must be Oracle applications. Specify they can not use the portal for a bunch of third party or home built apps. This is just a clarification to the original deal. We are not changing any terms.

2.

SECTION II – Deal Summary:

Deal Summary	
Programs	Emerson E-Business Suite Bundle
License Discount	___% (ebiz + ___%)
Support Discount	___% (ebiz + ___%)
Comp & Admin Discount	
Phased Implementation for Comp & Admin?	See checklist below and forward a spreadsheet to NASINFO/OGEHINFO and Priscilla Morgan for review.
Support Options/Holds	Per 2/20/02 contract
Price Holds	Per 2/20/02 contract
List License	
List Support	
List Comp & Admin	
Net License	$564,000(External) + $400,000 (apps)+ $160,000 (casual) = $1,124,000
Net Support	$124,080(External) + $ 112,000 (per Contract) = $226,080
Net Comp & Admin	
Net Total Price	$ 688,080(External) + $672,000 (per Contract) = $ 1,360,080
Price List Used	N/A. Emerson 2/20/02contract based on 12/28/01 PL.

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Customer History - Existing Price Holds	
Existing contractual discount (price hold)	%
Date of Price List for price hold	12/28/2001
When does price hold expire?	2/20/2007
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	Emerson E-Business Suite
Name of Agreement if applicable	

SECTION III - Justification:

1. The external use license price was determined during a meeting between Greg Carmichael, CIO, and Safra on 3/5. At the time our list price for external user was $1,000 for professional use and $100 for employee. Emerson proposed $200 and we countered and agreed on a price of $800 per external user.
2. Allows Emerson to extend the value of their e-biz suite to their sales distribution channel for non-employee use as an external user metric. These users will have periodic use of the full ebiz suite and not just self -service, hence the reason for agreeing on the higher price point.
3. Emerson understands the ability to purchase external user license for use at sales/distributions channels is on a case by case basis since these users could potentially be full application users.
4. Request to include New Products into E-Business Suite Bundle as of the price list reviewed during the meeting on 3/5. We agreed we would review the ability to include additional products in the bundle each time Oracle published a new price list or on a quarterly basisEmerson understands not necessarily all products (ie vertical or specialty products) will be included. However, they believe if they kept up support all products Oracle includes in the eBiz bundle would also be included in the Emerson bundle.
5. Account team wants to minimize setting precedent that everytime O announces new products Emerson expects we will automatically add them to the contract. Suggest we agree to quarterly review of the contract to determine what if any products are added and if we added products then we expect a significant purchase order to justify the addition of the products per rev rec requirements.
6. Request to amend contract to include additional DB and Tools to contract at 70% discount to incent non apps users to use Oracle instead of alternative 3rd party products. This will increase usage of Oracle db/tools even if the division is not yet implementing the apps. The contract currently only gives access to these tools in conjunction with use of apps.
7. **The purchase of these licenses do not require a migration, however, three other divisions do need to migrate from their old metric to the new. Emerson may request to apply the credits for that migration against the purchase therefore we've requested the migrations to be completed. Two were completed under previous migration rules and will require being updated. The third needs to be completed since the CSI numbers from China were just obtained. If Emerson decides to request apply this migration toward this purchase, then we are request the minimum order for the terms granted in this ammendment is still maintained at $650K .**

Recommendation: *See my comments above.*

Submitted By: ***Bolt, Pope, Runk, Block***
R: 5/27/03
C: 5/27/03
L: 5/27/03
A: 5/27/03
BP: BL

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