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To: Charles Phillips; Catz, Safra; Jeffrey Henley;  
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Subject: Re: feed back from t.rove price today re  
peoplesoft oracle

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Interesting. I guess he hasn't been listening to Conway's comments. Like the one about not selling AT ANY PRICE. Calling Conway would be a waste of time. It would have just given them warning. Sounds like they are bummed they are underwater and are wishfully thinking. PSFT/JDEC is a worse bet. I know you are stressing that we are at \$16. Any sign of weakness here is a disaster. If we hold tight and the this starts moving down the stock will drop fast as everyone rushes the door. The issue of tactic may be put to bed by Monday's WSJ. Remember they picked the timing, not us. What lunatic announces a big merger in the last month of an important quarter? Conway.

--- Original Message ---

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I spoke with Eric Gernster the T.Rowe Price senior tech analyst. They bought a lot of Peoplesoft in the month leading up the JDEC announcement and they are under water and one of the top ten holders of Peoplesoft now.

They have a conference call set up with Peoplesoft management midweek and the analyst is going to prep the portfolio managers on Tuesday with his thoughts. He's a smart guy and we usually talk on weekends so it wasn't unusual he would call.

His conclusions

1. He thought the offer was simply to disrupt Peoplesoft's quarter and steal a few customers for our Q1. Based on the low price and the fact that we didn't bother to try to make it friendly, he thought it was a competitive tactic and nothing more. He also spoke with AMR, Gartner, and Meta and they all told him the same thing.

3. He spoke with Rick who was mixed but not negative. He didn't spend anytime with the other street analysts so it sounds like the market analysts convinced him. I was able to turn him around on this point after 40 minutes of talking about the deal but it tells me many others may think the same thing.

3. He thought that we should not have eliminated all prospects of a fast, friendly deal by not putting out a feeler to management or the

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board the way it's normally done through a banker. Our approach added more risk, disruption to our own management team, and expense in his view. His noted that because frank and brady were out at CSFB, our bankers probably didn't have anyone with board relationships or were too green to know what to do or both. So either we were employing a disruptive tactic or it underscored our inexperience at acquisitions in his mind combined with weak advisors.

4. He bought the cost savings completely. He built his own model with some very accurate metrics and drivers which I didn't comment on but he nailed them. Unfortunately his model shows that its accretive up to \$26 (pre goodwill). and he thinks that his PMs won't accept anything without a 2 in front of it. I made a case on how the peoplesoft fundamentals were in decline and we shouldn't pay a premium and that had some impact but not enough to get him to \$16 although he started talking below \$20 by the end of the conversation. I also got his attention by telling him that if we walked away from this transaction, he'd own two companies who's future have been questioned in an extremely public way which would impair their ability to retain employees and call on customers long after we were out of the picture.

5. He didn't care about the post goodwill number at all.

6. He focused a lot on the cash we'd be getting as well as justification for a higher price.

7. He didn't want us to do JDEC at the same time; too much risk and he thought they were pretty much spent anyway.

8. He had modeled an incremental 200 mil in license rev for EBSO as a result of not having peoplesoft out there.