From: "Charles Phillips"

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To: 'Jeffrey Henley" , "LARRY_ELLISON" , "Catz,Safra"

CC:

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Subject: Lunch with Sanjay Kumar - his advice

Sanjay is the master of software deals and did every important one in the 90s.

His advice

The staff at the Justice department latch on to every rumor and controversy and they will be calling the heads of the users group, competitors, etc. He said the justice department staff reads every advertisement and trade press article. You need to work both the staff and the management officials seperately. You can get staff decisions over turned. CA did it twice. But you need lawyers who are absolutely plugged in at both levels and have relationships.

The justice guys care about numbers of customers and not just revenue. We should focus them on jdec+psft customer count which is probably as high if not higher than psft+orcl.

Go meet with the attorney general in Connecticut personally. Me, Safra, or Larry. Promise him support for his product which is the same thing we've already promised everyone else. Just give him a victory so he can back off and say he got a concession.

We'll have to admit that things got off on a bad foot and we didn't express our true intentions very well. That's the only way to explain the reversal in our position with respect to customers. It gives craig a victory so he can say he helped protect customers. It also explains to the user groups why they should believe us now and right now they don't at all. . Right now we are getting slaughtered with the user stuff he said. He said the customer commitment letter was good but we need to shout it louder and concede that we miscommunicated in the beginning.

He said he would have the same plan post acquisition but just would not have said so up front. Everyone knows but you can't say it and freak out the customers up front. He used to have letters ready to mail out to customers the day the deal was announced. For us he said just mail them to our own customers - there's enough over lap that it would get there and the trade press would do the rest for us.

When CA bought platinum, platinum had $195 million of money back guarantees they had issued in the prior 3 years contingent on CA buying them. CA paid nothing. He says there is good case law that says one party can't purposely obligate another party with bad intent and no consideration for for that obligated party. He also told other customers that if they tried to collect on that, they'd end up foregoing discouts on every

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CA product in the future. Once we own Peoplesoft, those customers will want good relationships with us and most of them are database customers. He said this is a non-issue.

Sanjay knows several people on the Peoplesoft board .He says Duffield cares about the people and his legacy. He doesn't want to see that many people fired. He recommends announcing a hiring freeze at Oracle "in anticipattion of the Peoplesoft merger" and "we will try to keep as many Peoplesoft employees as possible". It addresses Duffield's concern for people and gives us some incremental expense control for a quarter because our own employees understand why they can't hire in the short term. It also makes us look friendlier which we need.

Don't get rid of the presales folks; only the sales. The presales guys know the products and customers and they will get you easy add-on sales into that the Peoplesoft installed base for years to come and it would be crazy to forego that revenue and their relationships. You'll be lost in those accounts without them. You don't need the sales guy - those are for new account hunting. The installed base will be happy because they are getting serviced and sold add-ons and you help pay for the acquisition.

Don't fire the consultants who are working on projects. Significant liabilities to finish those projects. Wind it down slowly. Just get rid of bench strength initially.

Peoplesoft has the best anti takeover lawyers in the business working for them. They defeated him on hostile bid for CSC. They are ruthless and won't quit unless we turn this friendly.

He offered to put in a call to the board and also offered to come out and have lunch with us.