UNITED STATES OF AMERICA, ET AL.
vs
ORACLE CORPORATION,

No. C 04-0807 VRW

San Francisco, California

Mark E. Zmijewski

July 1, 2004

CHICAGO PARTNERS
A LIMITED LIABILITY COMPANY

140 South Dearborn Street
Chicago, Illinois 60603

DOJ Requests

- Document and summarize Oracle's "July 2003 Model" and the calculation of Oracle's Alleged Efficiencies

- Evaluate the reasonableness of the factual foundation and methodologies of the calculation of the Alleged Efficiencies (Verify Oracle's calculation)

Criteria Used to Verify Oracle's Calculation of the Alleged Efficiencies

- **Documentation:** If I can identify the documentation that allows one to understand Oracle's calculation (e.g., arithmetic) of the Alleged Efficiencies, I conclude that it has reasonable calculation documentation.

- **Factual Foundation:** If Oracle has provided factual bases for the assumptions and inputs into the calculation of the Alleged Efficiencies such that it is verifiable, I conclude that it has reasonable factual foundation.

- **Methodologies and Analyses:** If Oracle used standard, widely accepted methodologies and analyses to measure the Alleged Efficiencies and employed these methodologies and analyses appropriately, I conclude that it used reasonable methodologies and analyses.

These Criteria Are Pervasive

They are consistent with the principles used by:

- Accountants[1]
- Financial economists and empirical researchers
- U.S. Securities and Exchange Commission[2]
- Other government agencies[3]

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[1] Financial Accounting Standards Board, "Qualitative Characteristics of Accounting Information," *Statement of Financial Accounting Concepts No. 2.* (1980).

[2] Securities and Exchange Commission, "Final Data Quality Assurance Guidelines," (http://www.sec.gov/about/dataqualityguide.html).

[3] For example, Office of Management and Budget, "Guidelines for Ensuring and Maximizing the Quality, Objectivity, Utility, and Integrity of Information Disseminated by Federal Agencies," 2001, (http://www.whitehouse.gov/omb/fedreg/reproducible.html). These guidelines implement Section 515 of the Treasury and General Government Appropriations Act for Fiscal Year 2001 (Public Law 106-554; H.R. 5658).

Opinions

- **Oracle's calculation of the Alleged Efficiencies is not verifiable.**

- **Oracle did not exclude potential efficiencies attainable as a result of the July 2003 PeopleSoft and J.D. Edwards merger.**

- **Oracle did not provide factual bases showing that the Alleged Efficiencies are independent of the projected decline in PeopleSoft and J.D. Edwards' output.**

Summary of Oracle's Alleged Efficiencies Calculation

($ in millions)

	PeopleSoft:	R&D	G&A	S&M	Total
	FY03 "Baseline" Costs	$340	$125	$505	**$969**
-	FY05 Projected Costs	141	21	0	**162**
=	Alleged Efficiencies	199	104	505	**807**

	J.D. Edwards:	R&D	G&A	S&M	Total
	FY03 "Baseline" Costs	$127	$89	$265	**$481**
-	FY05 Projected Costs	60	17	34	**111**
=	Alleged Efficiencies	67	73	231	**371**

	Combined:	R&D	G&A	S&M	Total
	FY03 "Baseline" Costs	$467	$214	$769	**$1,450**
-	FY05 Projected Costs	201	37	34	**273**
=	Alleged Efficiencies	266	177	735	**1,178**

PeopleSoft:
July 2003 Model Assumptions for Alleged Efficiencies Calculation

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
163	-->	**OPERATING EXPENSE BUILDUP**																			
164											Pepper Quarterly Data						Pepper Fiscal Year Ending May 31				
165					Mar-02A	Jun-02A	Sep-02A	Dec-02A	Mar-03A	Jun-03E	Aug-03E	Nov-03E	PF Adj.	Feb-04E	May-04E		2H FY04E	FY05E	FY06E	FY07E	FY08E
166																					
167		***RESEARCH & DEVELOPMENT COSTS***																			
168		Number of Persons			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	**2,370**	**2,370**	[illegible]	1,000	1,000		1,000	1,000	[illegible]	[illegible]	[illegible]
169		Average Salary per R&D Person ($000s)			[illegible]	$25.0	[illegible]	[illegible]	[illegible]	[illegible]	**$0.0**	**$0.0**		$25.0	[illegible]		[illegible]	$97.5	$95.1	$92.7	$90.4
170		Other Costs per Employee ($000s)			$4.0	$4.0	$4.0	$4.0	$4.0	$4.0	**$0.0**	**$0.0**		$4.0	$4.0		$5.1	$15.7	$15.3	$14.9	$14.5
171		Total People Costs			$68.9	$69.6	$68.9	$69.1	$68.2	$68.8	**$0.0**	**$0.0**		$29.0	$29.0		$58.1	$113.2	$104.8	$99.5	$94.4
172		Other R&D Costs			$13.3	$17.3	$14.1	$19.2	$15.5	$16.2	**$0.0**	**$0.0**		$7.0	$7.0		$14.0	$28.0	$26.0	[illegible]	[illegible]
173		Total R&D Costs			$82.3	$87.0	$83.0	$88.3	$83.7	$85.0	**$0.0**	**$0.0**		$36.0	$36.0		$72.1	$141.2	$130.8	$123.5	$116.4
174																					
175		***SALES AND MARKETING COSTS***																			
176		Number of Quota Reps			465	485	465	450	425	437	**437**	**437**	(437)	0	0		0	0	0	0	0
177		Average Salary per Sales Rep ($000s)			$40.0	$40.0	$40.0	$68.5	$40.0	$40.0	**$0.0**	**$0.0**		$40.0	$40.0		$160.0	$160.0	$160.0	$160.0	$160.0
178		Total Direct Sales Costs			$18.6	$19.4	$18.6	$30.9	$17.0	$17.5	**$0.0**	**$0.0**		$0.0	$0.0		$0.0	$0.0	$0.0	$0.0	$0.0
179																					
180		Number of Other Sales & Marketing			1,217	1,250	1,125	1,114	1,060	1,080	**1,080**	**1,080**	(1,080)	0	0		0	0	0	0	0
181		Average Salary per Other S&M ($000s)			$28.5	$28.5	$28.5	$28.5	$28.5	$28.5	**$0.0**	**$0.0**		$28.5	$28.5		$114.0	$114.0	$114.0	$114.0	$114.0
182		Total Other Sales Personnel Costs			$34.7	$35.6	$32.1	$31.7	$30.2	$30.8	**$0.0**	**$0.0**		$0.0	$0.0		$0.0	$0.0	$0.0	$0.0	$0.0
183																					
184		Other Costs per Employee ($000s)			$3.6	$3.6	$3.6	$3.6	$3.6	$3.6	**$0.0**	**$0.0**		$3.6	$3.6		$7.2	$14.4	$14.4	$14.4	$14.4
185		Total S&M Employees			1,682	1,735	1,590	1,564	1,485	1,517	**1,517**	**1,517**		0	0		0	0	0	0	0
186		Total Other People Costs			$6.1	$6.2	$5.7	$5.6	$5.3	$5.5	**$0.0**	**$0.0**		$0.0	$0.0		$0.0	$0.0	$0.0	$0.0	$0.0
187																					
188		Total People Costs			$59.3	$61.3	$56.4	$68.3	$52.6	$53.7	**$0.0**	**$0.0**		$0.0	$0.0		$0.0	$0.0	$0.0	$0.0	$0.0
189		Other S&M Costs			$65.3	$64.9	$71.2	$68.1	$67.0	$67.3	**$0.0**	**$0.0**		$0.0	$0.0		$0.0	$0.0	$0.0	$0.0	$0.0
190		Total S&M Costs			$124.6	$126.2	$127.6	$136.4	$119.6	$121.0	**$0.0**	**$0.0**		$0.0	$0.0		$0.0	$0.0	$0.0	$0.0	$0.0
191																					
192		***GENERAL & ADMINISTRATIVE COSTS***																			
193		Number of Persons			920	910	895	869	860	865	**865**	**865**	(715)	150	150		150	125	100	90	80
194		Average Salary per G&A Person ($000s)			$23.0	$23.0	$23.0	$23.0	$23.0	$23.0	**$0.0**	**$0.0**		$23.0	$23.0		$92.0	$92.0	$92.0	$92.0	$92.0
195		Other Costs per Employee ($000s)			$3.7	$3.7	$3.7	$3.7	$3.7	$3.7	**$0.0**	**$0.0**		$3.7	$3.7		$7.5	$15.0	$15.0	$15.0	$15.0
196		Total People Costs			$24.6	$24.3	$23.9	$23.2	$23.0	$23.1	**$0.0**	**$0.0**		$4.0	$4.0		$8.0	$13.4	$10.7	$9.6	$8.6
197		Other G&A Costs			$5.6	$3.1	$3.3	$9.0	$10.1	$8.9	**$0.0**	**$0.0**		$2.0	$2.0		$4.0	$7.5	$6.5	$6.0	$5.5
198		Writedown of A/R			$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	**$0.0**	**$0.0**		$62.5	$0.0		$62.5	$0.0	$0.0	$0.0	$0.0
199		Total G&A Costs			$30.2	$27.4	$27.2	$32.2	$33.1	$32.0	**$0.0**	**$0.0**		$68.5	$6.0		$74.5	$20.9	$17.2	$15.6	$14.1
200																					
201		***HEADCOUNT SUMMARY***																			
202		Customer Support			660	685	690	696	705	715	**715**	**715**	(365)	350	340		345	300	280	270	250
203		Professional Services			2,875	2,850	2,790	2,785	2,780	2,850	**2,850**	**2,850**	(1,650)	1,200	800		1,000	400	450	450	430
204		Research & Development			2,375	2,399	2,375	2,379	2,350	2,370	**2,370**	**2,370**	(1,370)	1,000	1,000		1,000	1,000	950	925	900
205		Sales Quota Reps			465	485	465	450	425	437	**437**	**437**	(437)	0	0		0	0	0	0	0
206		Other Sales & Marketing			1,217	1,250	1,125	1,114	1,060	1,080	**1,080**	**1,080**	(1,080)	0	0		0	0	0	0	0
207		General & Administrative			920	910	895	869	860	865	**865**	**865**	(715)	150	150		150	125	100	90	80
208		Total Headcount			8,512	8,579	8,340	8,293	8,180	8,317	**8,317**	**8,317**	(5,617)	2,700	2,290		2,495	1,825	1,780	1,735	1,660
209																					
210		Note: Average salaries and other costs per employee have been estimated by corporate development.																			

Source: July 2003 Model, [PSFT Op Model] worksheet (Plaintiffs' Exhibit 3004, page 34).

J.D. Edwards:
July 2003 Model Assumptions for Alleged Efficiencies Calculation

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
157	-->	**OPERATING EXPENSE BUILDUP**																	
158									Jalapeno Quarterly Data						Jalapeno Fiscal Year Ending April 30,				
159								Apr-03A	Aug-03E	Nov-03E	PF Adj.	Feb-04E	May-04E		2H FY04E	FY05E	FY06E	FY07E	FY08E
160																			
161		***RESEARCH & DEVELOPMENT COSTS***																	
162		Number of Persons						[illegible]	**1,282**	**1,282**	[illegible]	700	660		680	575	558	545	537
163		Average Salary per R&D Person ($000s)							**$0.0**	**$0.0**		$26.0	$26.0		$80.0	$80.0	$80.0	$80.0	$80.0
164		Other Costs per Employee ($000s)							**$0.0**	**$0.0**		$3.5	$3.5		$7.0	$14.0	$14.0	$14.0	$14.0
165		Total People Costs							**$0.0**	**$0.0**		$16.5	$15.5		$32.0	$54.1	$52.5	$51.2	$50.5
166		Other R&D Costs							**$0.0**	**$0.0**		$1.5	$1.5		$3.0	$6.0	$5.8	$5.6	$5.4
167		Total R&D Costs							**$0.0**	**$0.0**		$18.0	$17.0		$35.0	$60.1	$58.3	$56.8	$55.9
168																			
169		***SALES AND MARKETING COSTS***																	
170		Number of Quota Reps						[illegible]	**273**	**273**	[illegible]	80	80		80	75	67	60	53
171		Average Salary per Sales Rep ($000s)							**$0.0**	**$0.0**		$40.0	$40.0		$160.0	$160.0	$160.0	$160.0	$160.0
172		Total Direct Sales Costs							**$0.0**	**$0.0**		$3.2	$3.2		$6.4	$12.0	$10.7	$9.6	$8.5
173																			
174		Number of Other Sales & Marketing						[illegible]	**811**	**811**	[illegible]	20	20		20	17	[illegible]	[illegible]	[illegible]
175		Average Salary per Other S&M ($000s)							**$0.0**	**$0.0**		$23.8	$23.8		$95.0	$95.0	$95.0	$95.0	$95.0
176		Total Other Sales Personnel Costs							**$0.0**	**$0.0**		$0.5	$0.5		$1.0	$1.6	$1.5	$1.4	$1.2
177																			
178		Other Costs per Employee ($000s)							**$0.0**	**$0.0**		$3.0	$3.0		$12.0	$12.0	$12.0	$12.0	$12.0
179		Total S&M Employees							**1,084**	**1,084**		100	100		100	92	83	75	66
180		Total Other People Costs							**$0.0**	**$0.0**		$0.3	$0.3		$0.6	$1.1	$1.0	$0.9	$0.8
181																			
182		Total People Costs							**$0.0**	**$0.0**		$4.0	$4.0		$8.0	$14.7	$13.2	$11.9	$10.5
183		Commissions on Oracle Migrations (20% of License)							**$0.0**	**$0.0**		$0.0	$0.0		$0.0	$6.8	$8.4	$6.4	$5.0
184		Other S&M Costs							**$0.0**	**$0.0**		$2.5	$2.5		$5.0	$12.5	$11.0	$10.0	$8.0
185		Total S&M Costs							**$0.0**	**$0.0**		$6.5	$6.5		$13.0	$34.0	$32.6	$28.3	$23.5
186																			
187		***GENERAL & ADMINISTRATIVE COSTS***																	
188		Number of Persons						672	**672**	**672**	(587)	85	82		84	70	67	63	60
189		Average Salary per G&A Person ($000s)							**$0.0**	**$0.0**		$20.0	$20.0		$80.0	$80.0	$80.0	$80.0	$80.0
190		Other Costs per Employee ($000s)							**$0.0**	**$0.0**		$3.3	$3.3		$6.5	$13.0	$13.0	$13.0	$13.0
191		Total People Costs							**$0.0**	**$0.0**		$2.0	$1.9		$3.9	$6.5	$6.2	$5.9	$5.6
192		Other G&A Costs							**$0.0**	**$0.0**		$3.0	$3.0		$6.0	$10.0	$9.5	$9.5	$9.0
193		Writedown of A/R							**$0.0**	**$0.0**		$35.9	$0.0		$35.9	$0.0	$0.0	$0.0	$0.0
194		Total G&A Costs							**$0.0**	**$0.0**		$40.9	$4.9		$45.8	$16.5	$15.7	$15.4	$14.6
195																			
196		***HEADCOUNT SUMMARY***																	
197		Customer Support						541	**541**	**541**	(91)	450	400		425	290	280	270	260
198		Professional Services						1,371	**1,371**	**1,371**	(741)	630	500		565	360	375	335	300
199		Research & Development						1,282	**1,282**	**1,282**	(582)	700	660		680	575	558	545	537
200		Sales Quota Reps						273	**273**	**273**	(193)	80	80		80	75	67	60	53
201		Other Sales & Marketing						811	**811**	**811**	(791)	20	20		20	17	16	15	13
202		General & Administrative						672	**672**	**672**	(587)	85	82		84	70	67	63	60
203		Total Headcount						4,950	**4,950**	**4,950**	(2,985)	1,965	1,742		1,854	1,387	1,363	1,288	1,223
204																			
205		Note: Average salaries and other costs per employee have been estimated by corporate development.																	

Source: July 2003 Model, [JDEC Op Model] worksheet (Plaintiffs' Exhibit 3004, page 41).

PeopleSoft (Excluding J.D. Edwards): Calculation of Alleged Efficiencies in R&D

RESEARCH & DEVELOPMENT COSTS ($ in millions unless noted)	FY03		FY05E	Delta	FY05 Assumption
Number of Persons	2,370		1,000	(1,370)	Yes
Average Salary per R&D Person ($000s)		x	$98		Yes
Other Costs per Employee ($000s)			$16		Yes
Total People Costs		=	$113		
Other R&D Costs		+	$28		Yes
Total R&D Costs	$340	=	$141	($199)	

Examples of Factual Bases

- **Types of Information** – use business records about:
  - Output and level of activity
  - Capacity utilization, labor efficiency and utilization rates
  - Performance variances (actual versus budget)
  - Customer reports – sales reports, bid reports

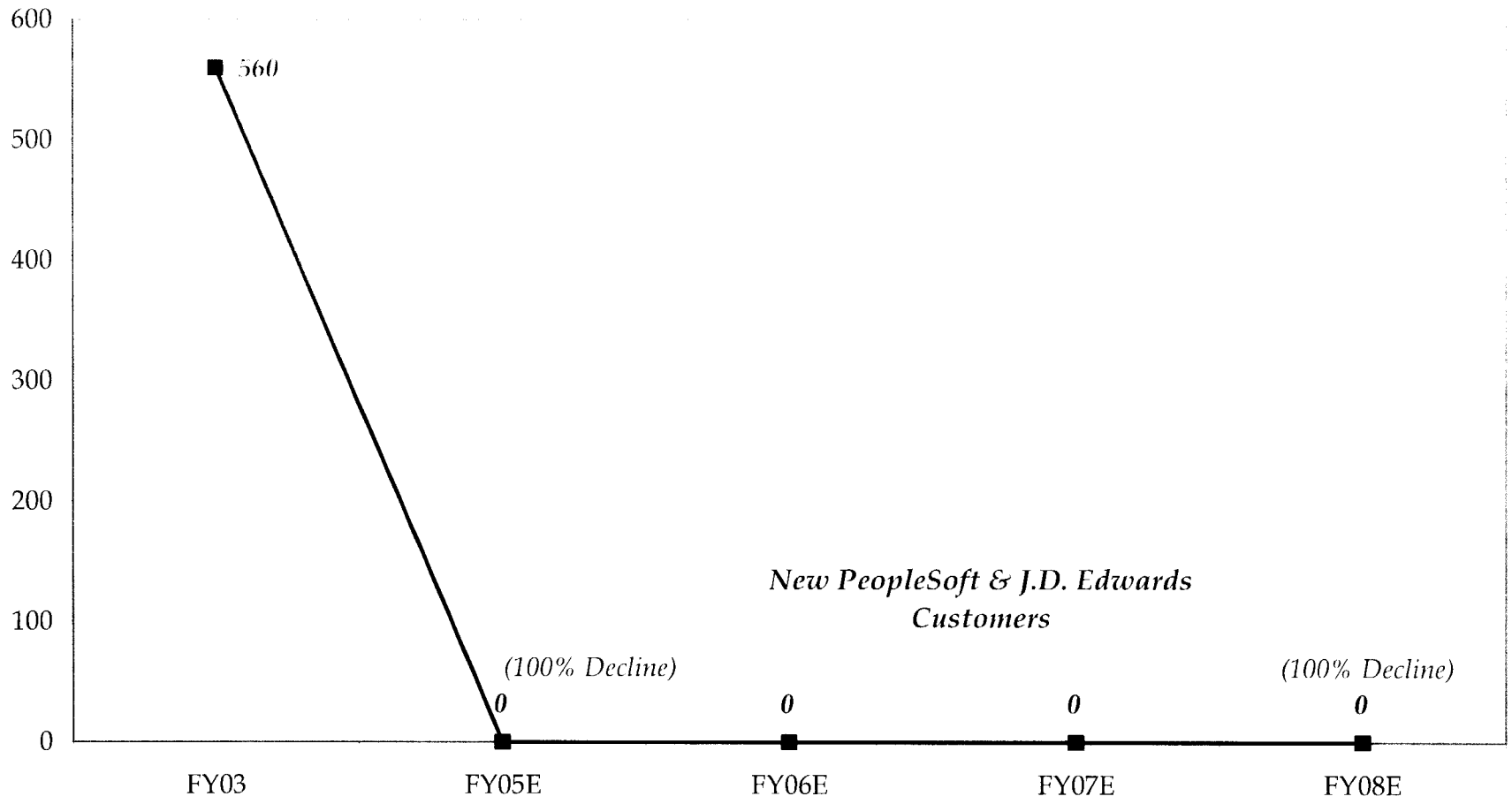
- **Analyses** – use the above factual bases to identify and/or measure:
  - cost-volume-profit relations, relation of various costs to various measures of activity (fixed costs, variable costs)
  - measure average costs (central tendency), growth rates, utilization rates, redundancies

Opinion: Oracle did not exclude potential efficiencies attainable as a result of the July 2003 PeopleSoft and J.D. Edwards merger

	PeopleSoft FY03 "Baseline" R&D, S&M, G&A Costs	$ 0.97 billion
+	J.D. Edwards FY03 "Baseline" R&D, S&M, G&A Costs	$ 0.48 billion
	Combined FY03 "Baseline" R&D, S&M, G&A Costs	$ 1.45 billion
-	Efficiencies that did/will result from the PSFT/JDE Merger	??
=	Corrected FY03 "Baseline" R&D, S&M, G&A Costs	??

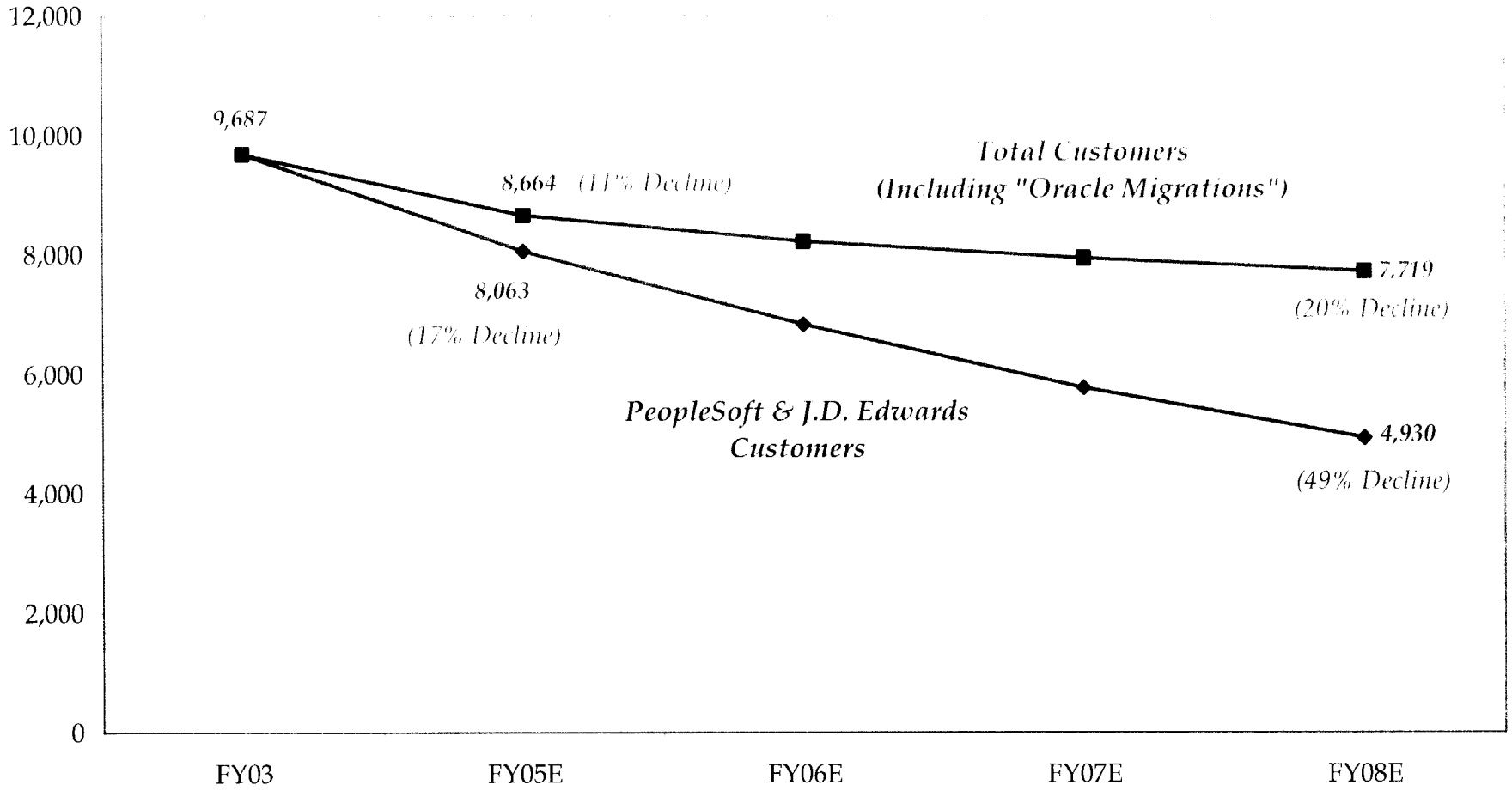
<u>Opinion</u>: Oracle did not provide factual bases showing that the Alleged Efficiencies are independent of the projected decline in PeopleSoft and J.D. Edwards' output

PeopleSoft and J.D. Edwards Combined: Oracle's Projection of Decline in New Customers



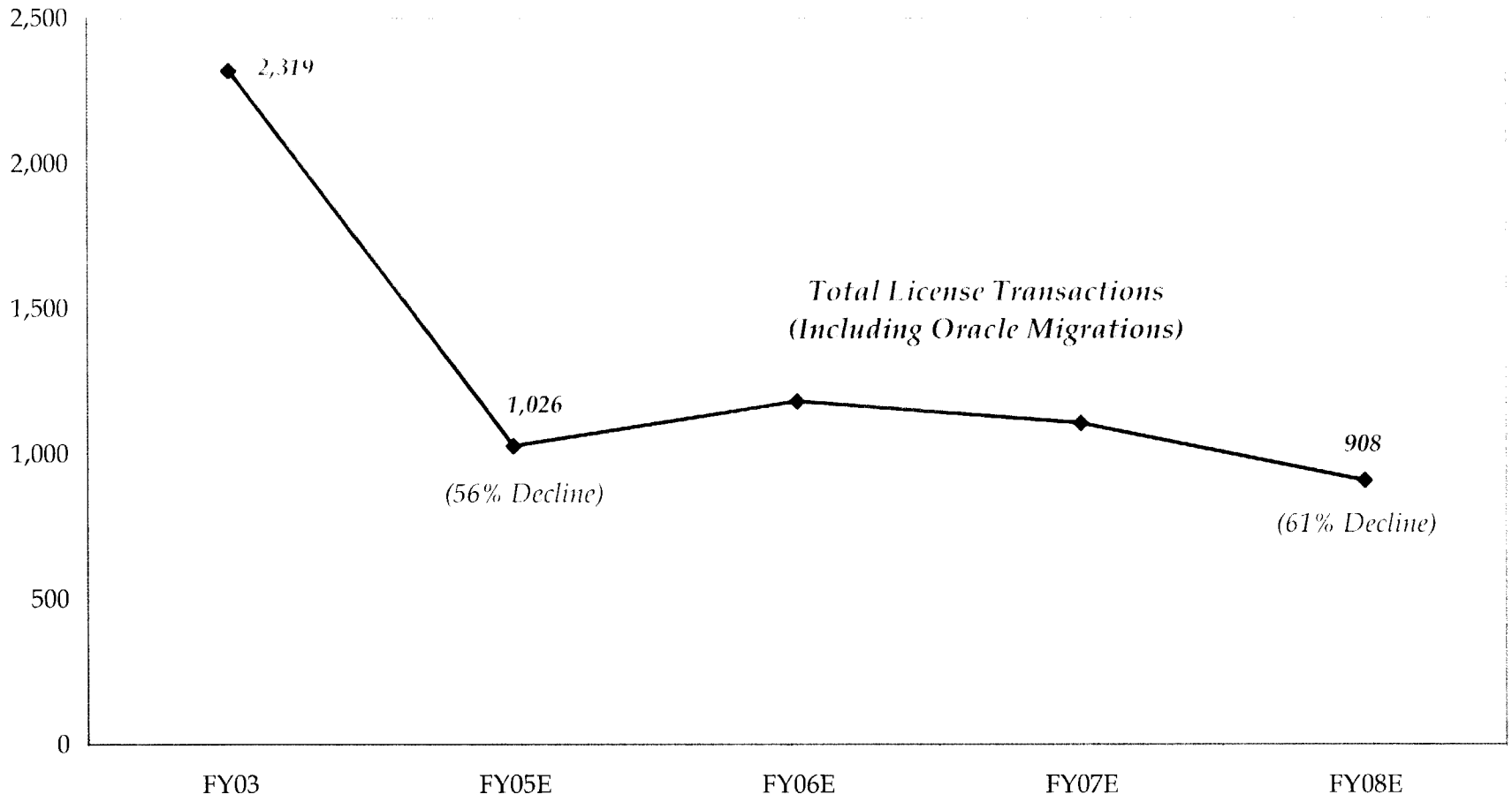
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).

PeopleSoft and J.D. Edwards Combined: Oracle's Projection of Decline in Customers



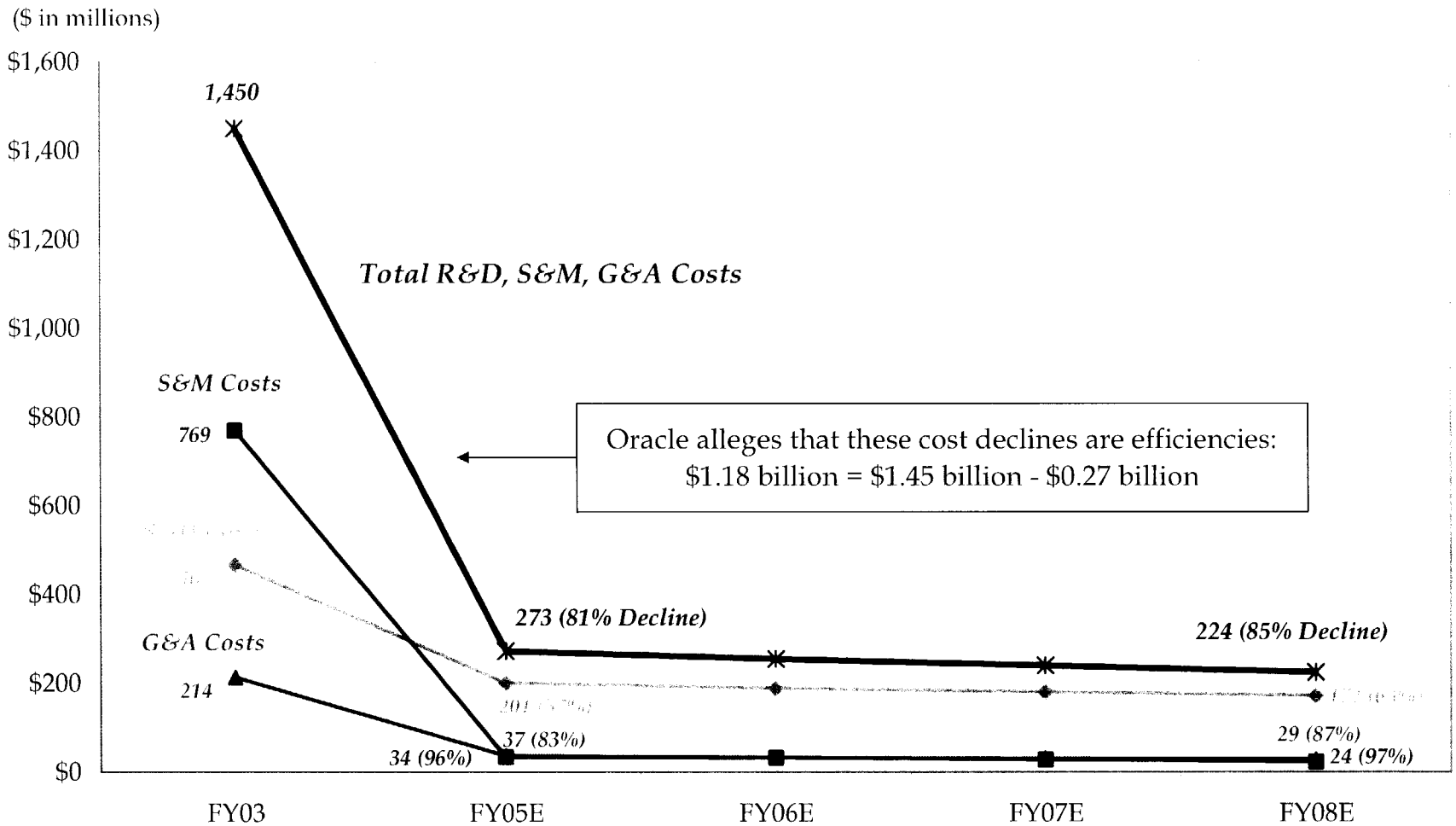
Notes: Customers numbers shown are end of period numbers. "Oracle migrations" are customers that switch from PeopleSoft/J.D. Edwards to Oracle products. Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

PeopleSoft and J.D. Edwards Combined: Oracle's Projection of Decline in Total License Transactions



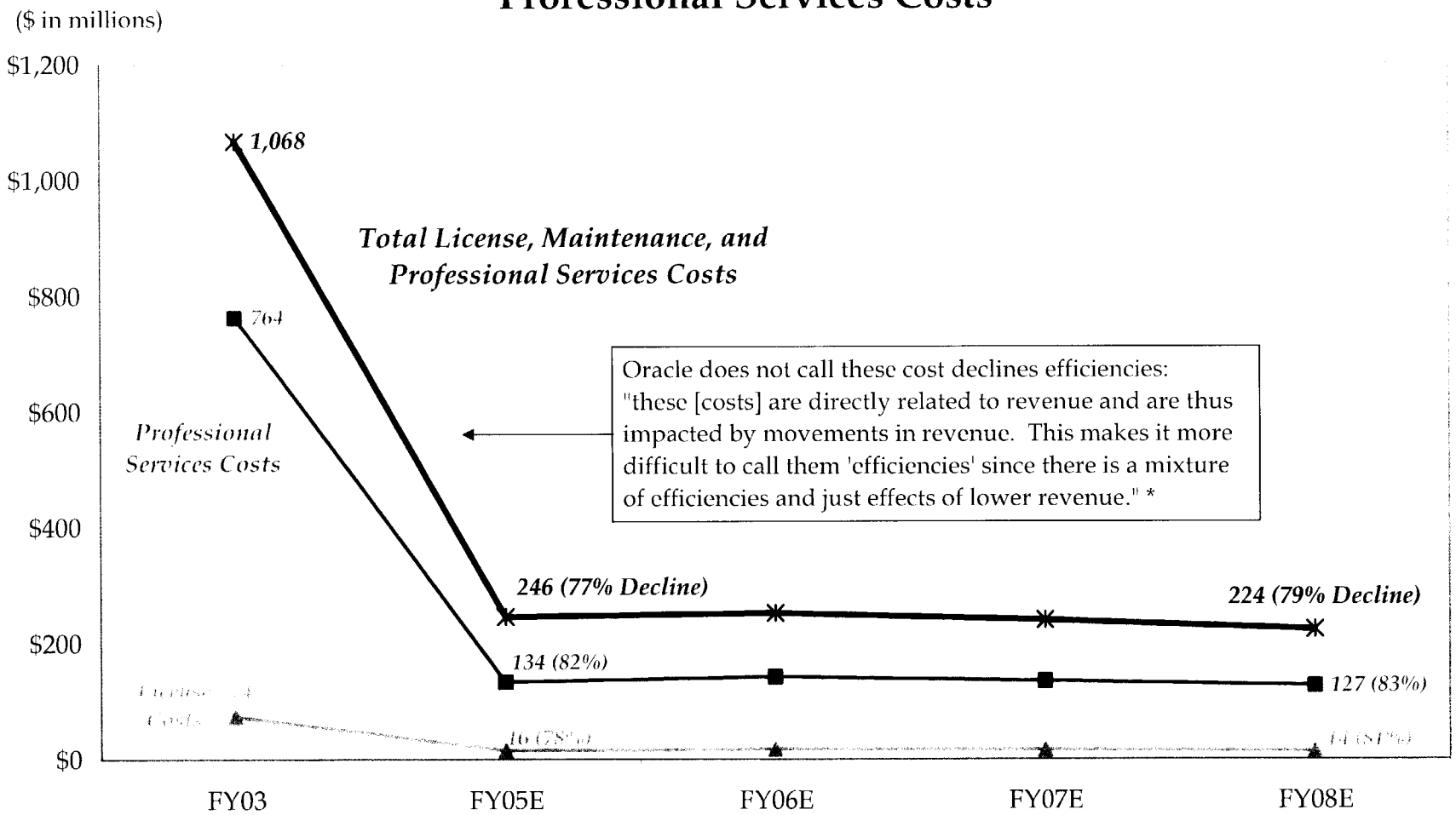
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).

PeopleSoft and J.D. Edwards Combined: Oracle's Projection of Declines in R&D, S&M, G&A Costs



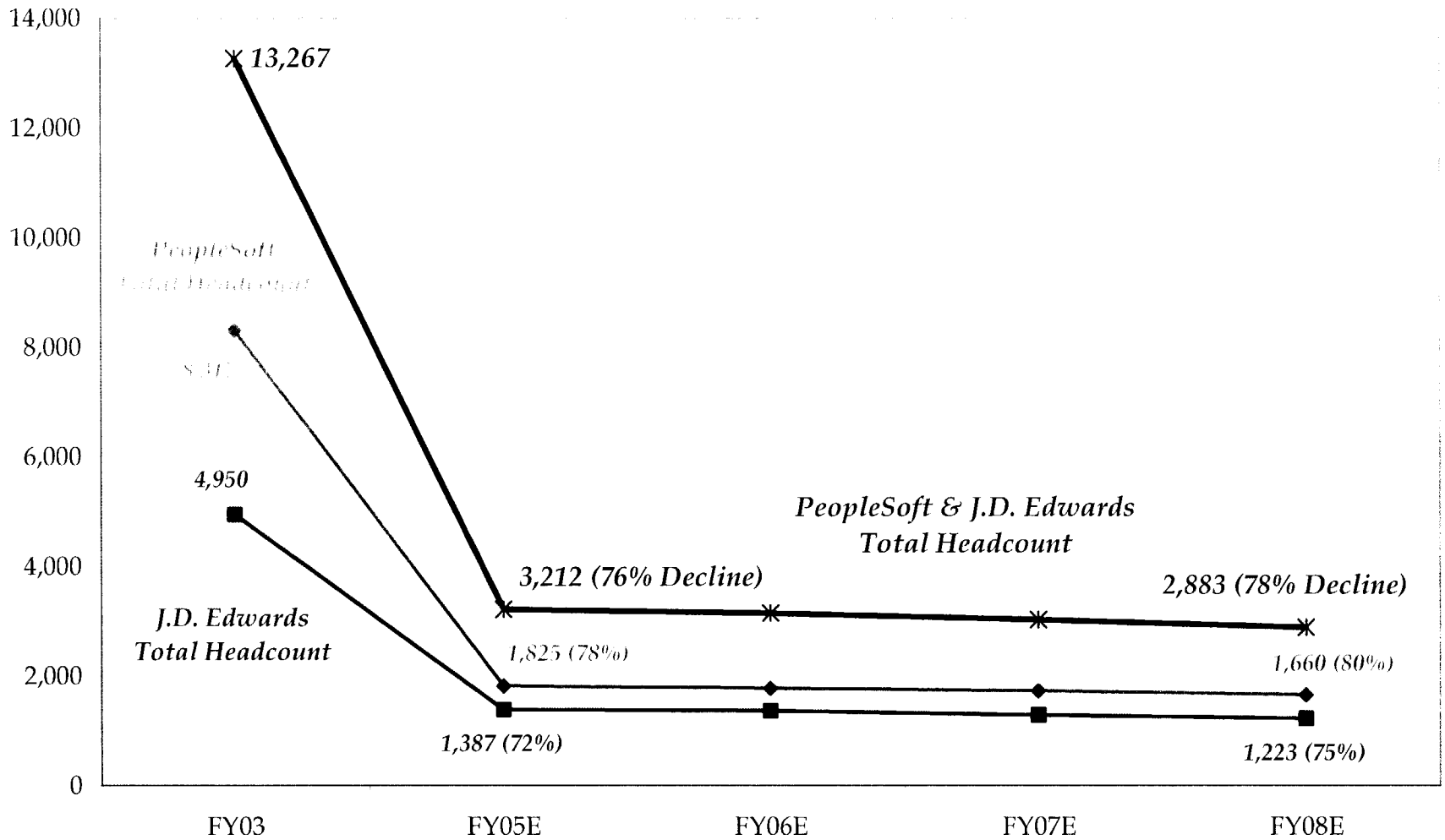
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

PeopleSoft and J.D. Edwards Combined: Oracle's Projection of Declines in License, Maintenance, and Professional Services Costs



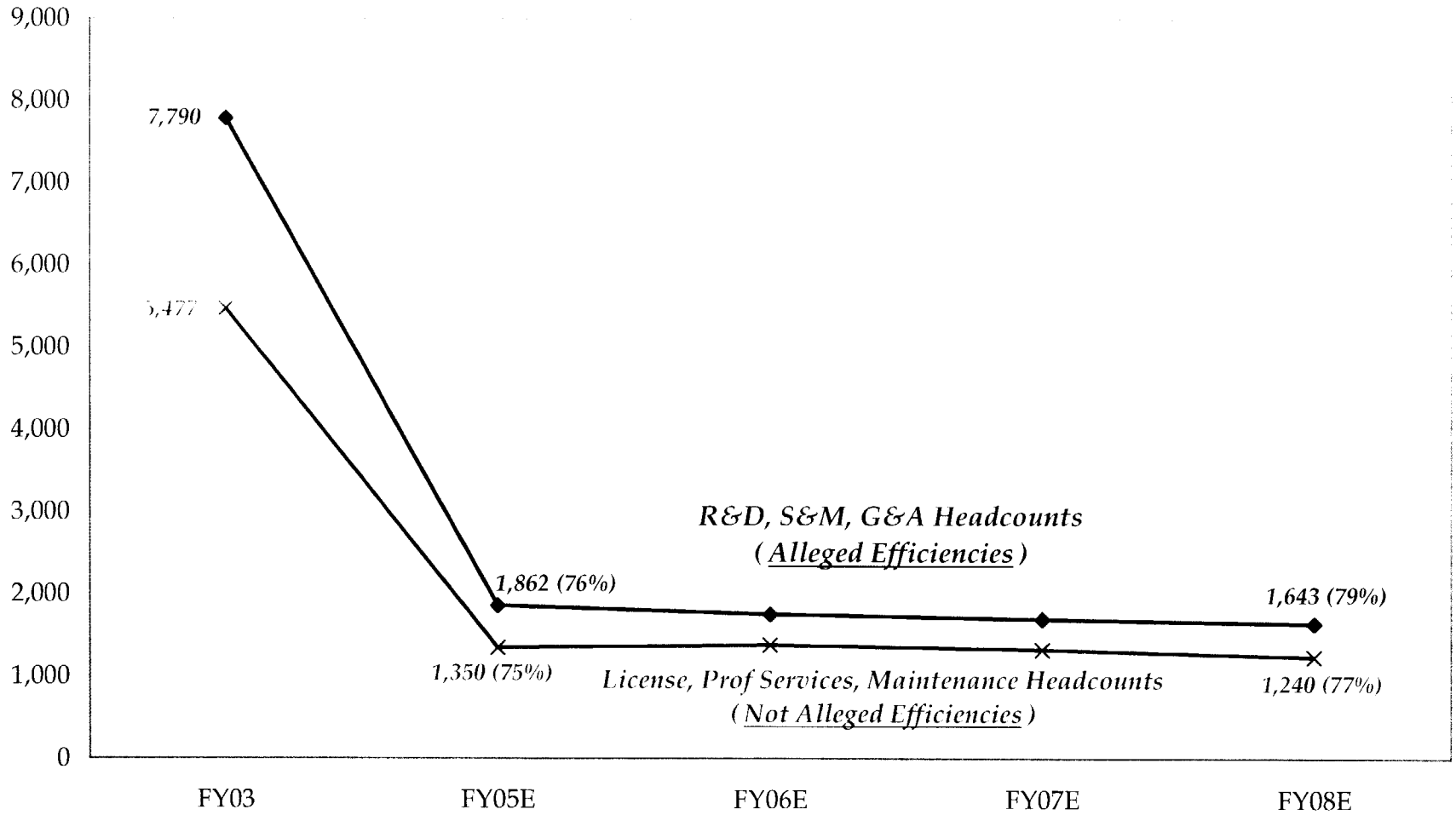
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).
* See "Acquisition Efficiencies Analysis" summary chart (Defendants' Exhibit 7132).

Oracle's Projection of Declines in Total Headcounts



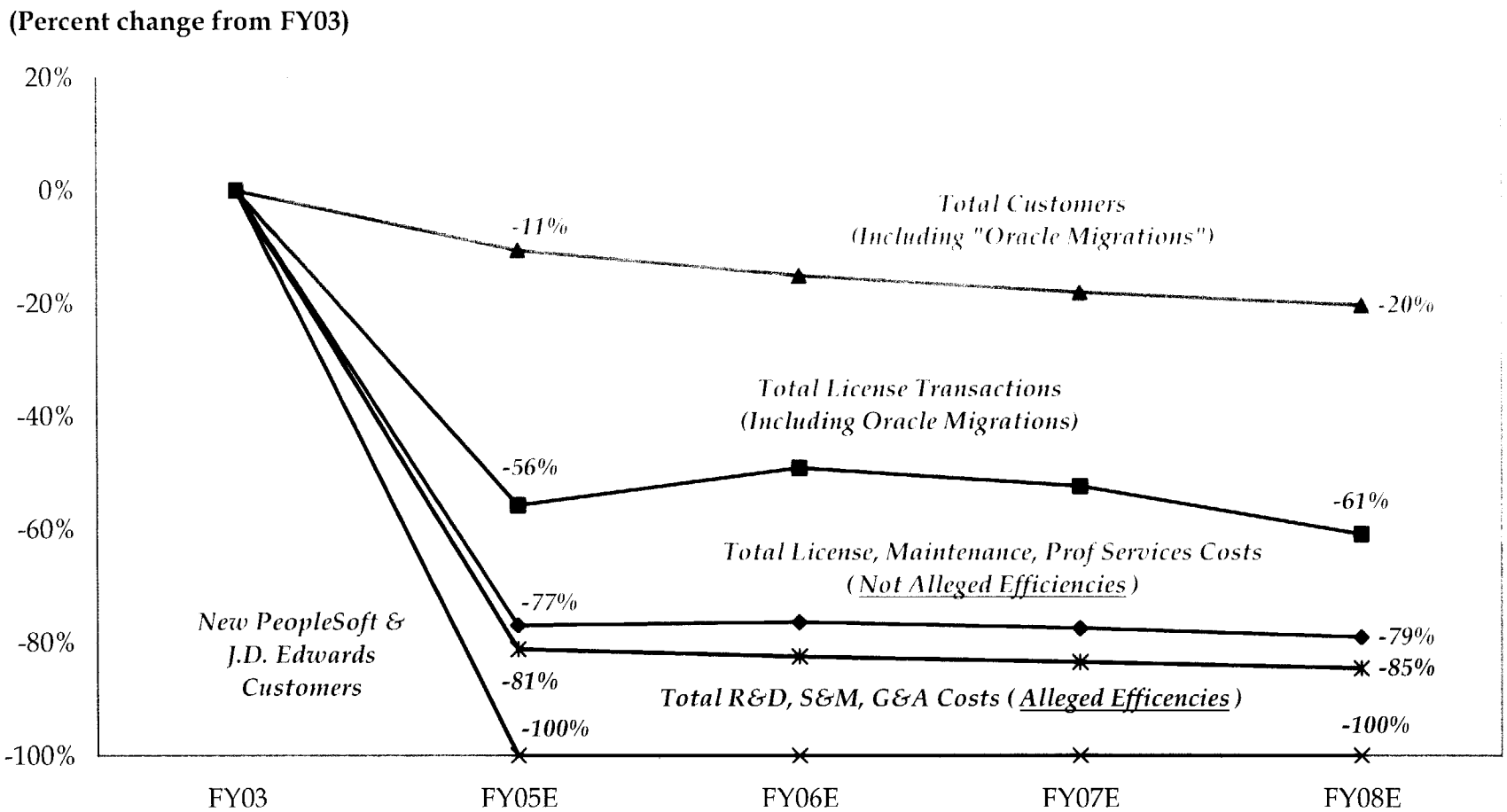
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

PeopleSoft and J.D. Edwards Combined:
Oracle's Projection of Declines in Headcounts by Types of Costs



Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

PeopleSoft and J.D. Edwards Combined: Oracle's Projection of % Declines in Output and Costs



Notes: Total customers shown are end of period numbers. Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For certain FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).

Summary of July 2003 Model Projected % Declines in "Output," Costs, and Headcount (From FY03 to FY05)

	PeopleSoft	J.D. Edwards	Combined
Output:			
New Customers	-100%	-100%	-100%
Total Customers	-13%	-8%	-11%
Total License Transactions	-67%	-42%	-56%
Costs:			
Components of the Alleged Efficiencies			
R&D Costs	-58%	-53%	-57%
S&M Costs	-100%	-87%	-96%
G&A Costs	-83%	-82%	-83%
Total R&D, S&M, G&A Costs	-83%	-77%	-81%
License Costs:	-80%	-77%	-78%
Maintenance Costs:	-64%	-47%	-58%
Professional Services Costs:	-86%	-75%	-82%
Total License, Maintenance, Prof Services Costs	-81%	-69%	-77%
Total Headcount:	-78%	-72%	-76%

Notes: Output numbers include Oracle migration customers. Total customers are end of period numbers.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For certain FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).

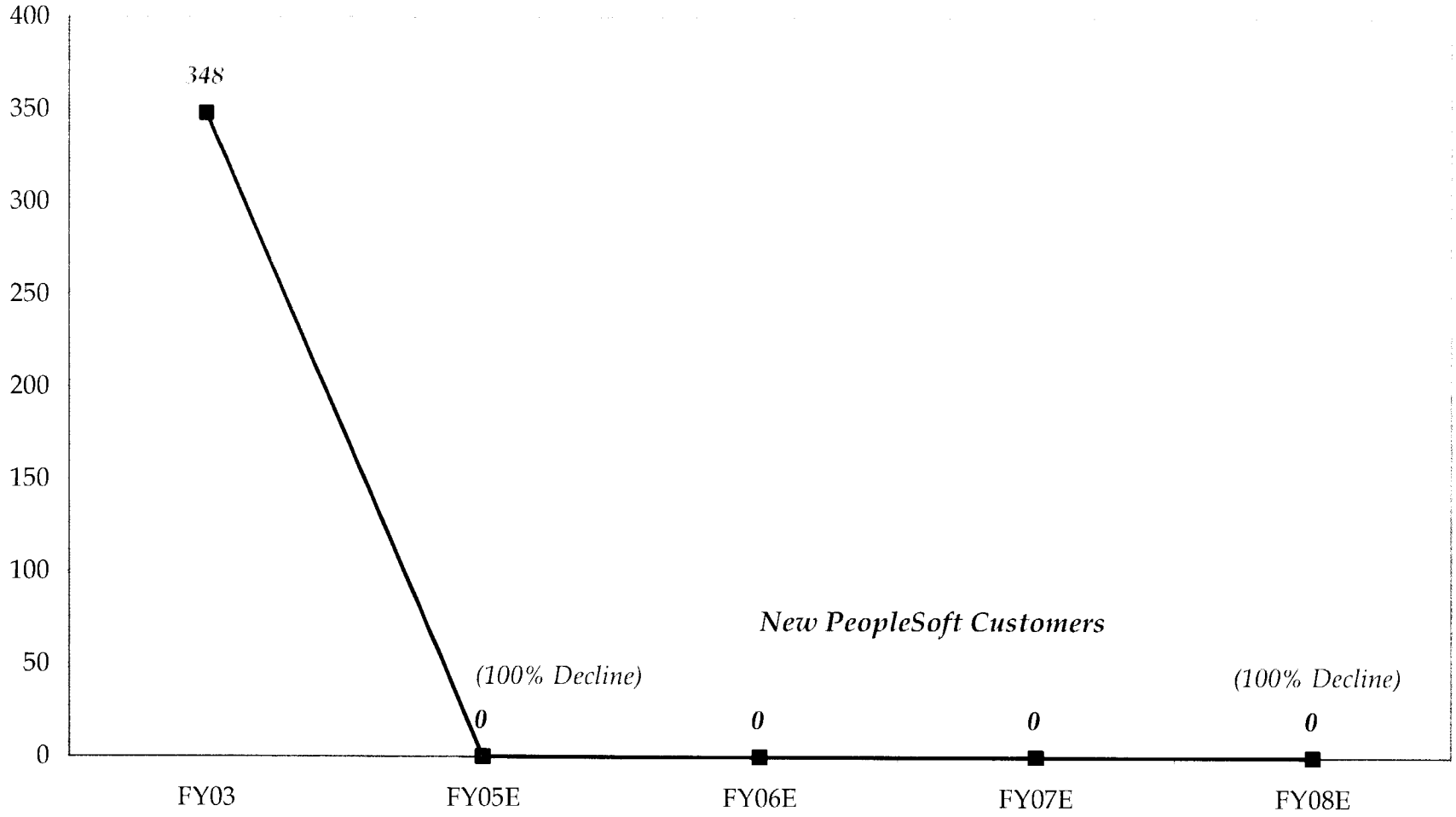
Summary of July 2003 Model Projected % Declines in "Output," Costs, and Headcount (From FY03 to FY08)

	PeopleSoft	J.D. Edwards	Combined
Output:			
New Customers	-100%	-100%	-100%
Total Customers	-23%	-17%	-20%
Total License Transactions	-63%	-58%	-61%
Costs:			
Components of the Alleged Efficiencies			
R&D Costs	-66%	-56%	-63%
S&M Costs	-100%	-91%	-97%
G&A Costs	-89%	-84%	-87%
Total R&D, S&M, G&A Costs	-87%	-80%	-85%
License Costs:	-77%	-85%	-81%
Maintenance Costs:	-70%	-52%	-64%
Professional Services Costs:	-86%	-79%	-83%
Total License, Maintenance, Prof Services Costs	-82%	-74%	-79%
Total Headcount:	-80%	-75%	-78%

Notes: Output numbers include Oracle migration customers. Total customers are end of period numbers.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For certain FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).

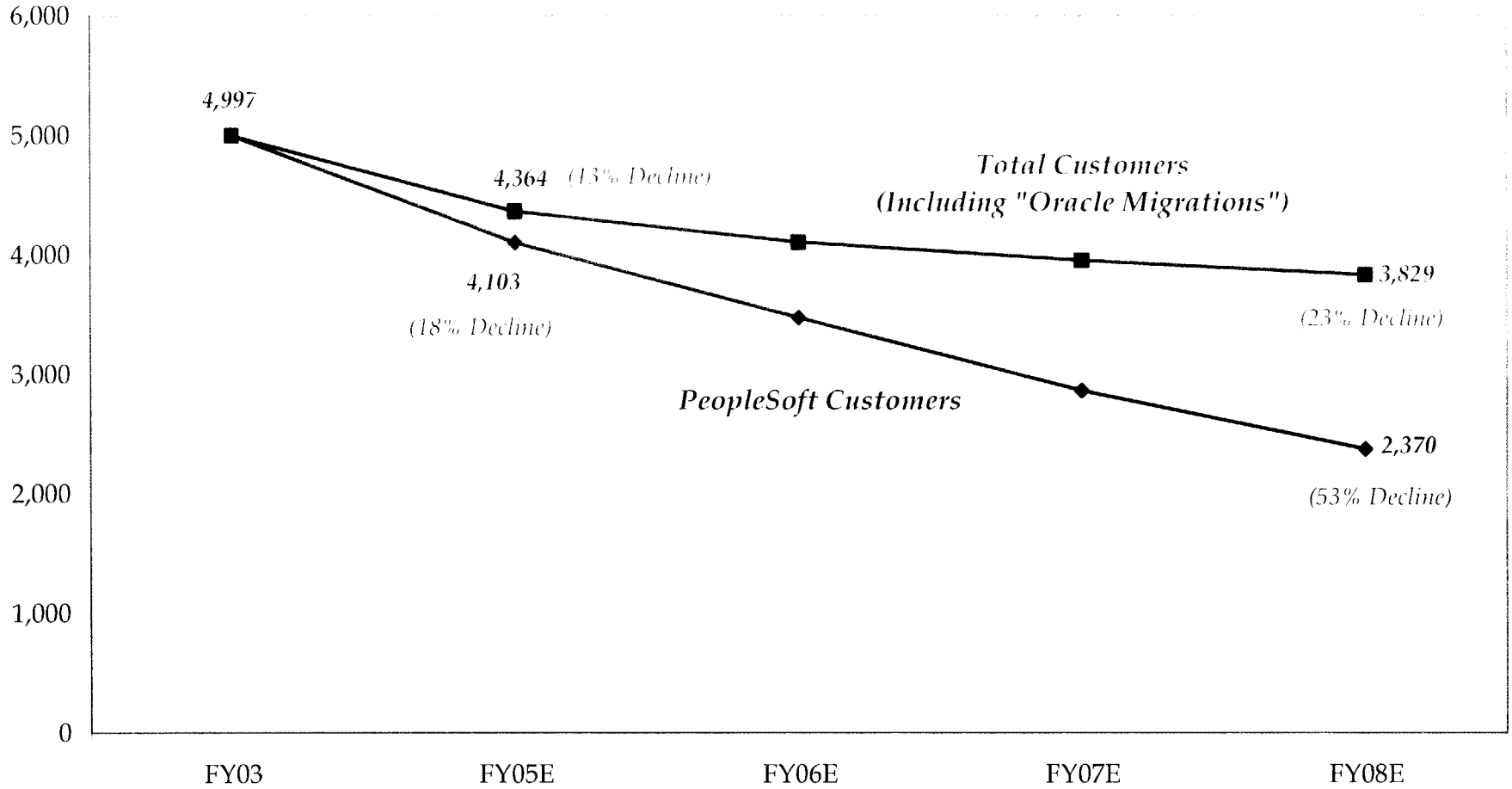
Additional Charts

PeopleSoft (Excluding J.D. Edwards): Oracle's Projection of Decline in New Customers



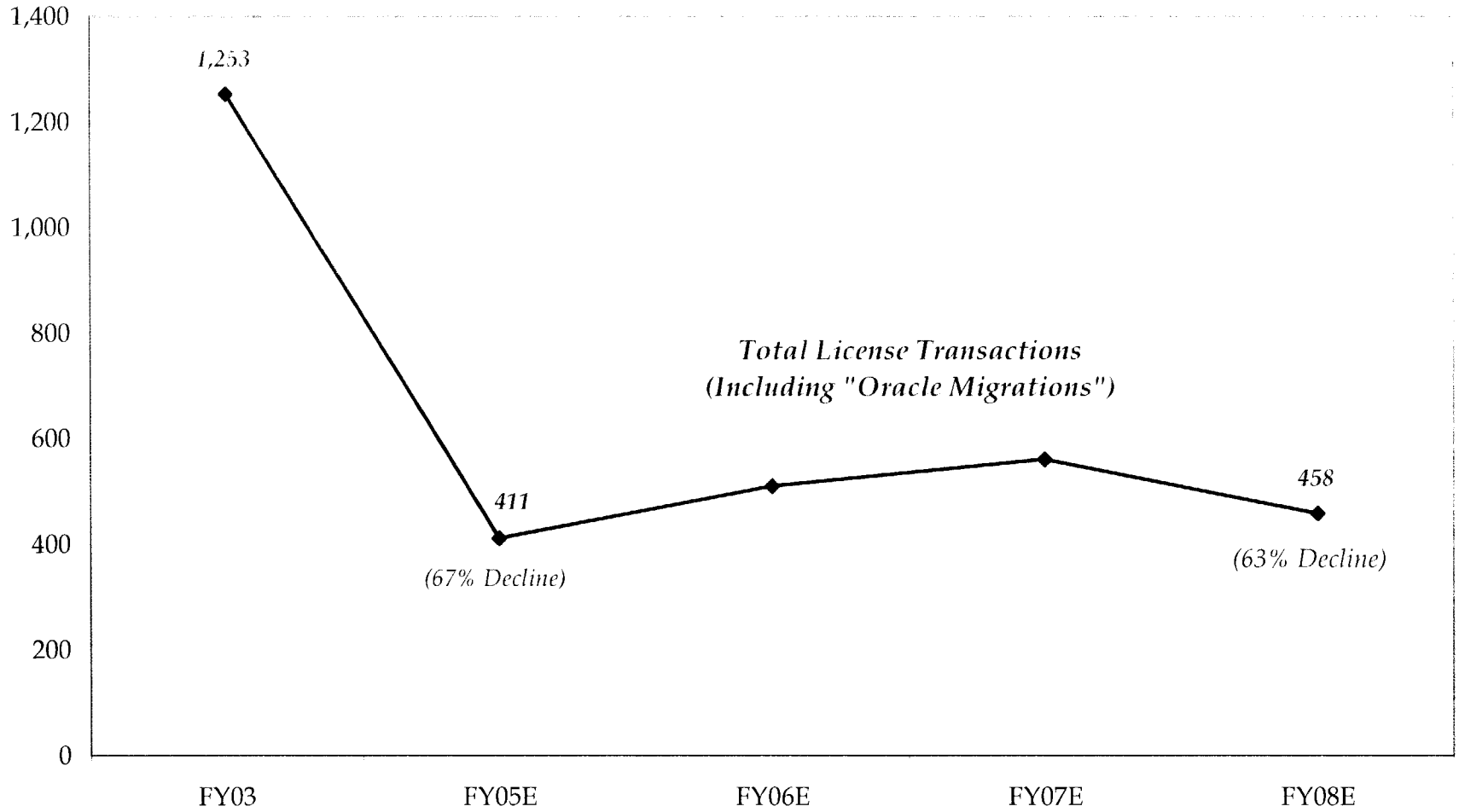
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

PeopleSoft (Excluding J.D. Edwards): Oracle's Projection of Decline in Customers



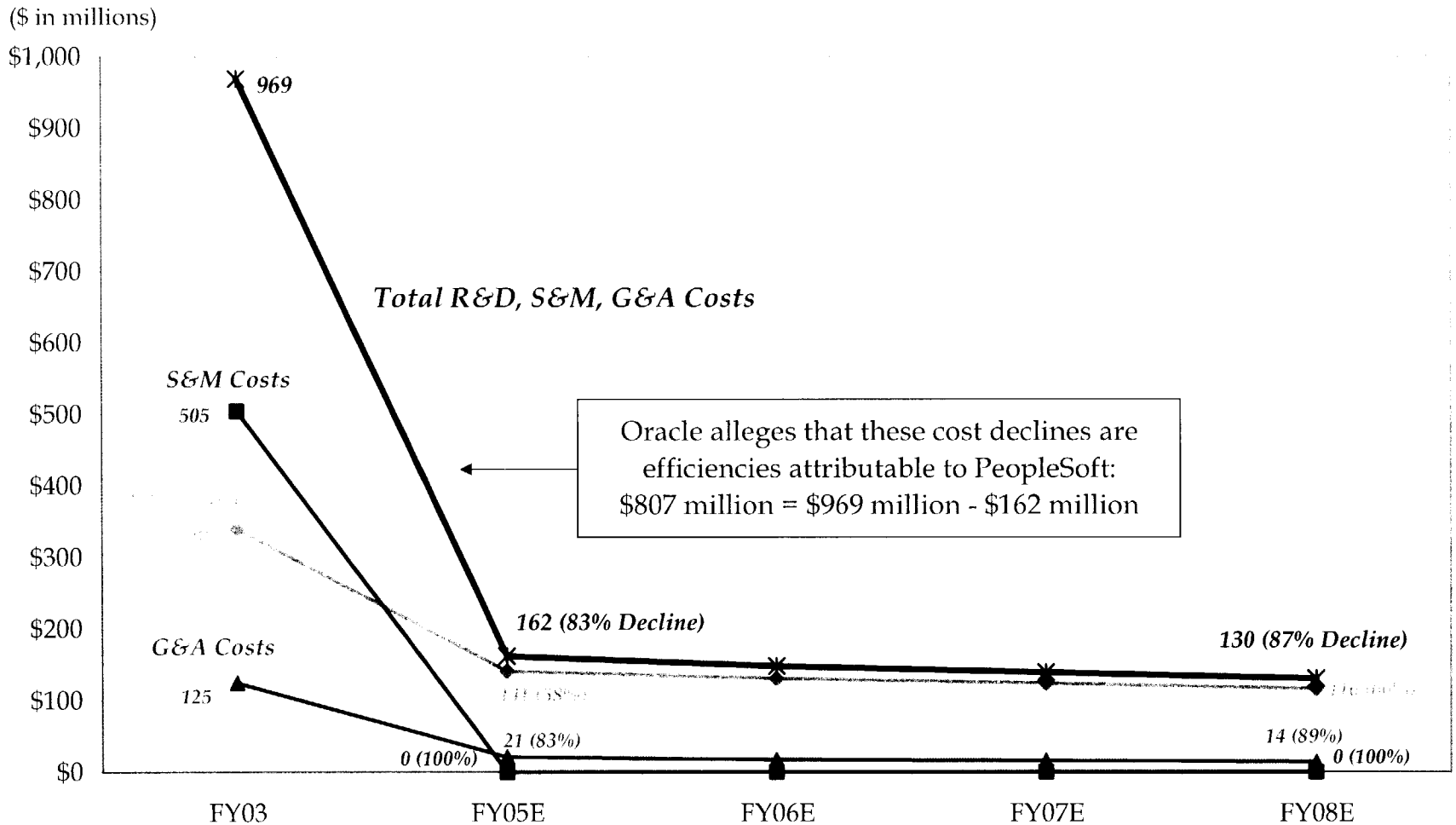
Notes: Customers numbers shown are end of period numbers. "Oracle migrations" are customers that switch from PeopleSoft to Oracle products.
Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

PeopleSoft (Excluding J.D. Edwards): Oracle's Projection of Decline in Total License Transactions



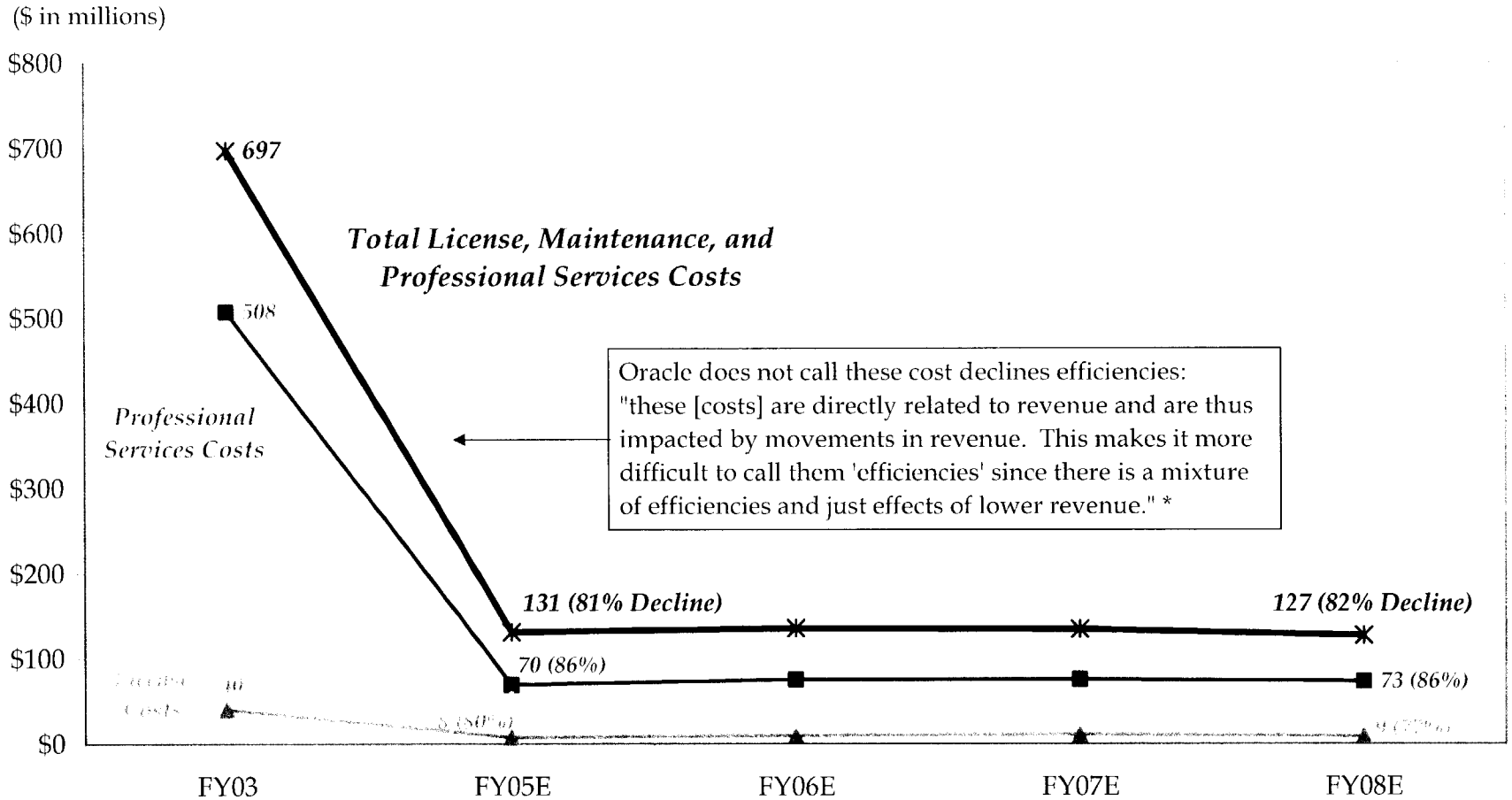
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

PeopleSoft (Excluding J.D. Edwards): Oracle's Projection of Declines in R&D, S&M, G&A Costs



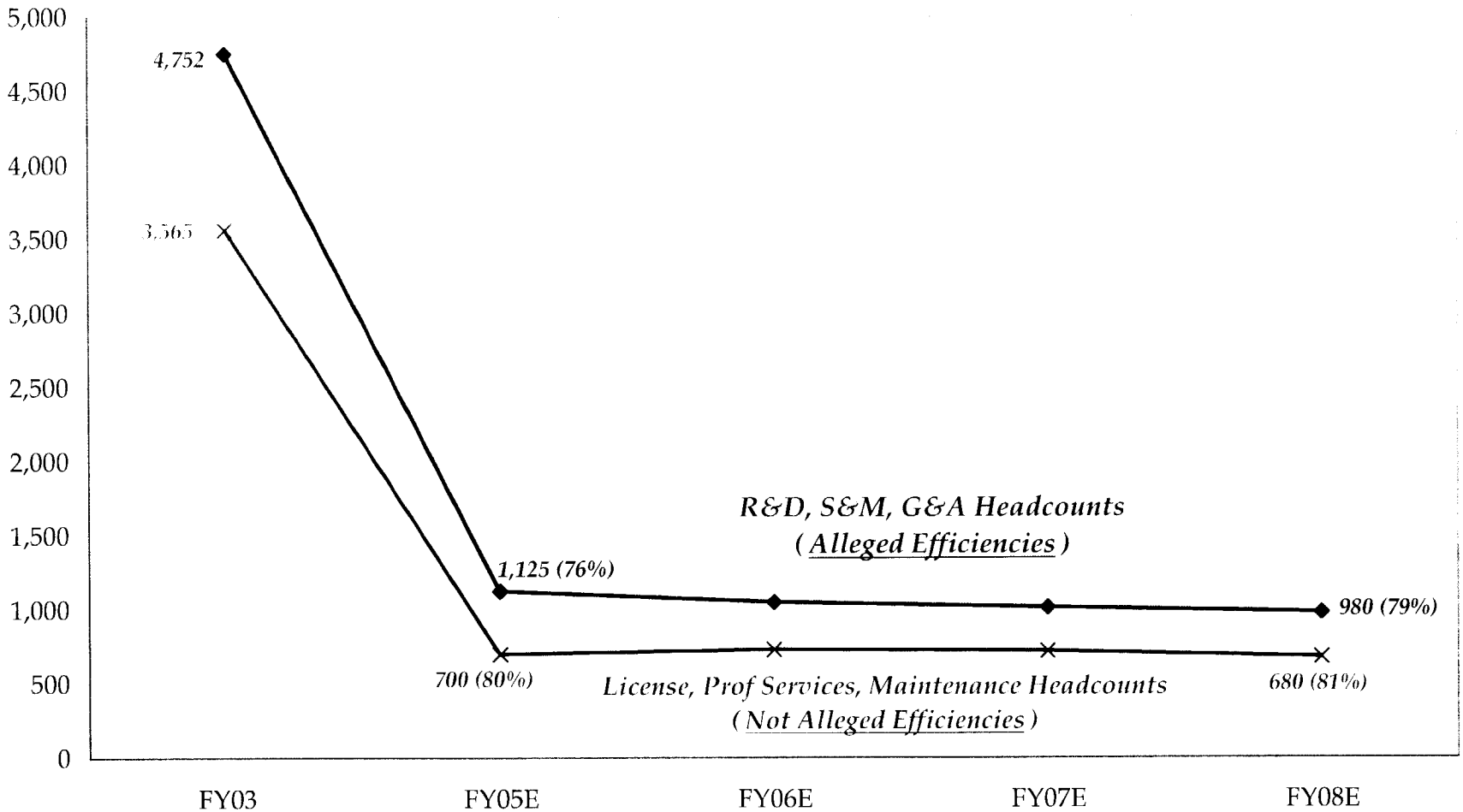
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

PeopleSoft (Excluding J.D. Edwards): Oracle's Projection of Declines in License, Maintenance, and Professional Services Costs



Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).
* See "Acquisition Efficiencies Analysis" summary chart (Defendants' Exhibit 7132).

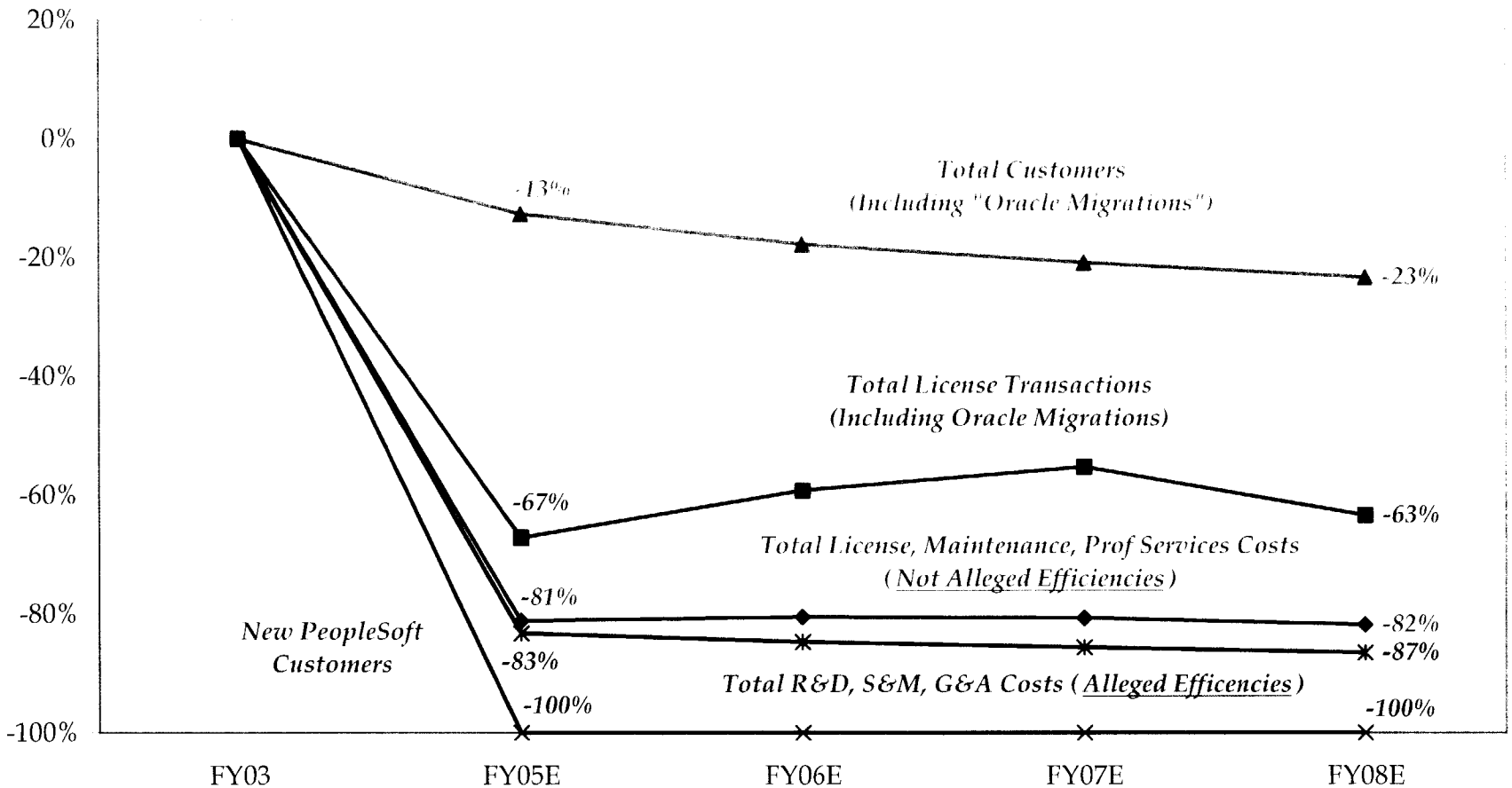
PeopleSoft (Excluding J.D. Edwards): Oracle's Projection of Declines in Headcounts by Types of Costs



Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

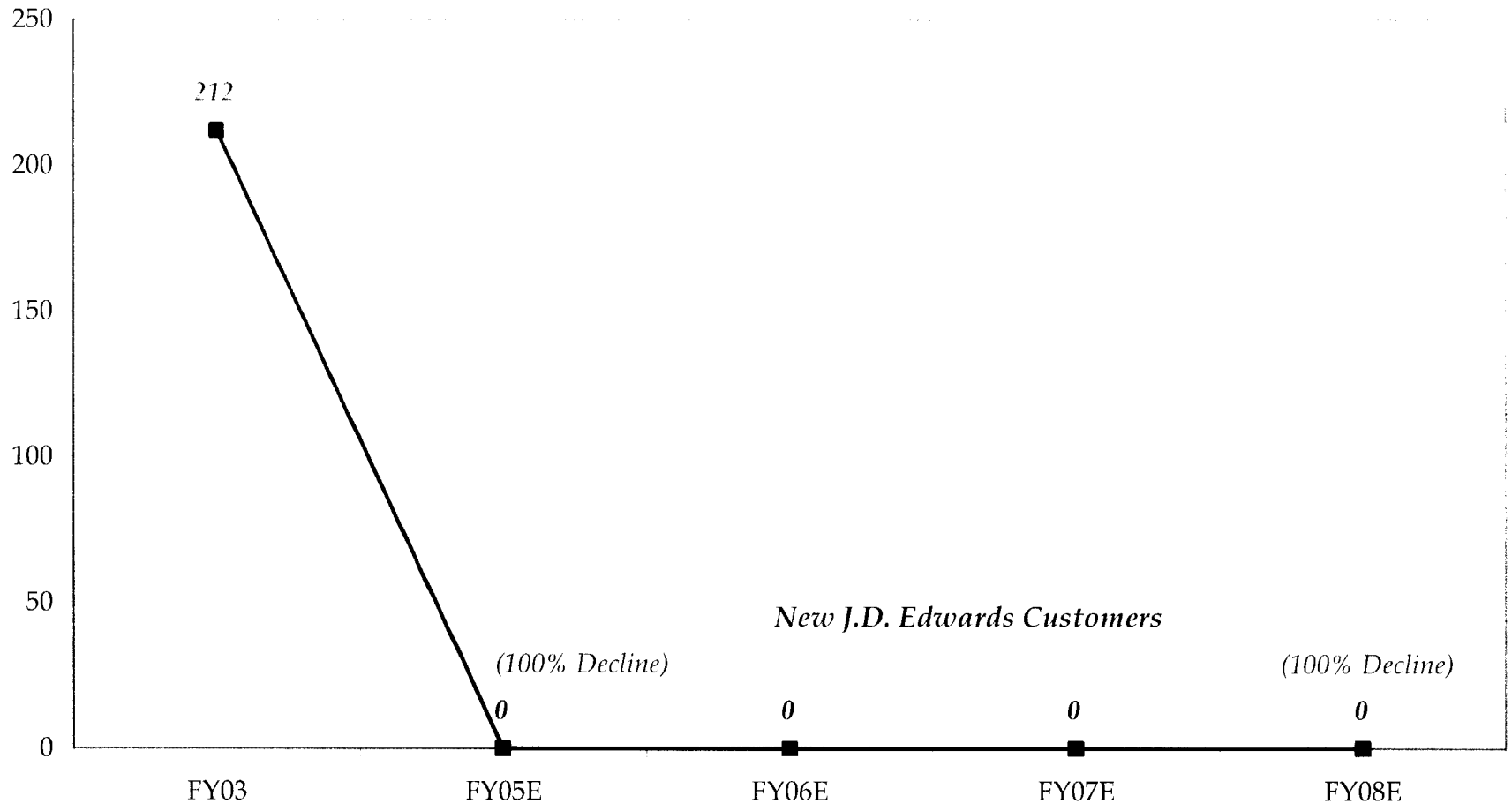
PeopleSoft (Excluding J.D. Edwards): Oracle's Projection of % Declines in Output and Costs

(Percent change from FY03)



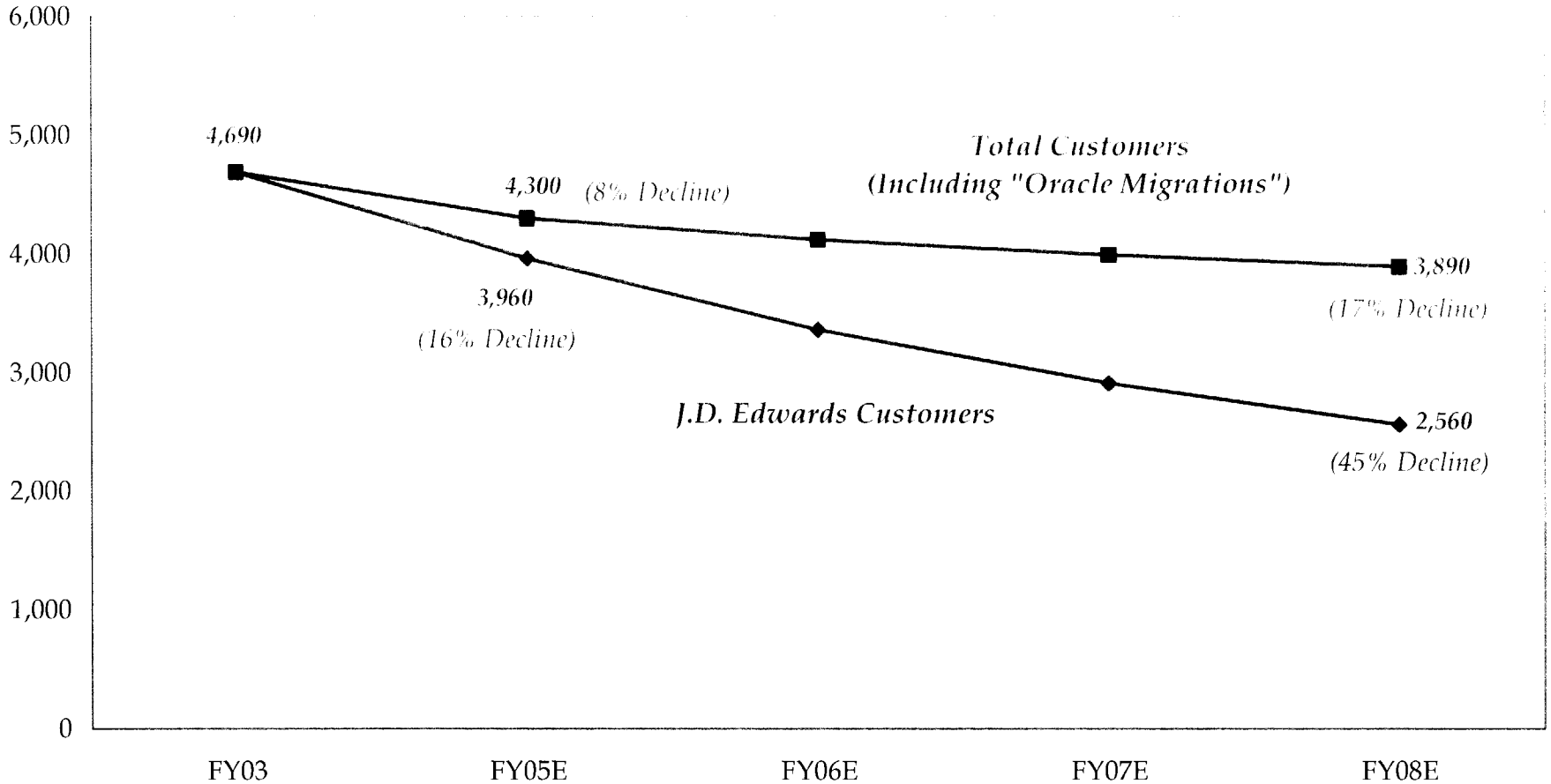
Notes: Total customers shown are end of period numbers. Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

J.D. Edwards:
Oracle's Projection of Decline in New Customers



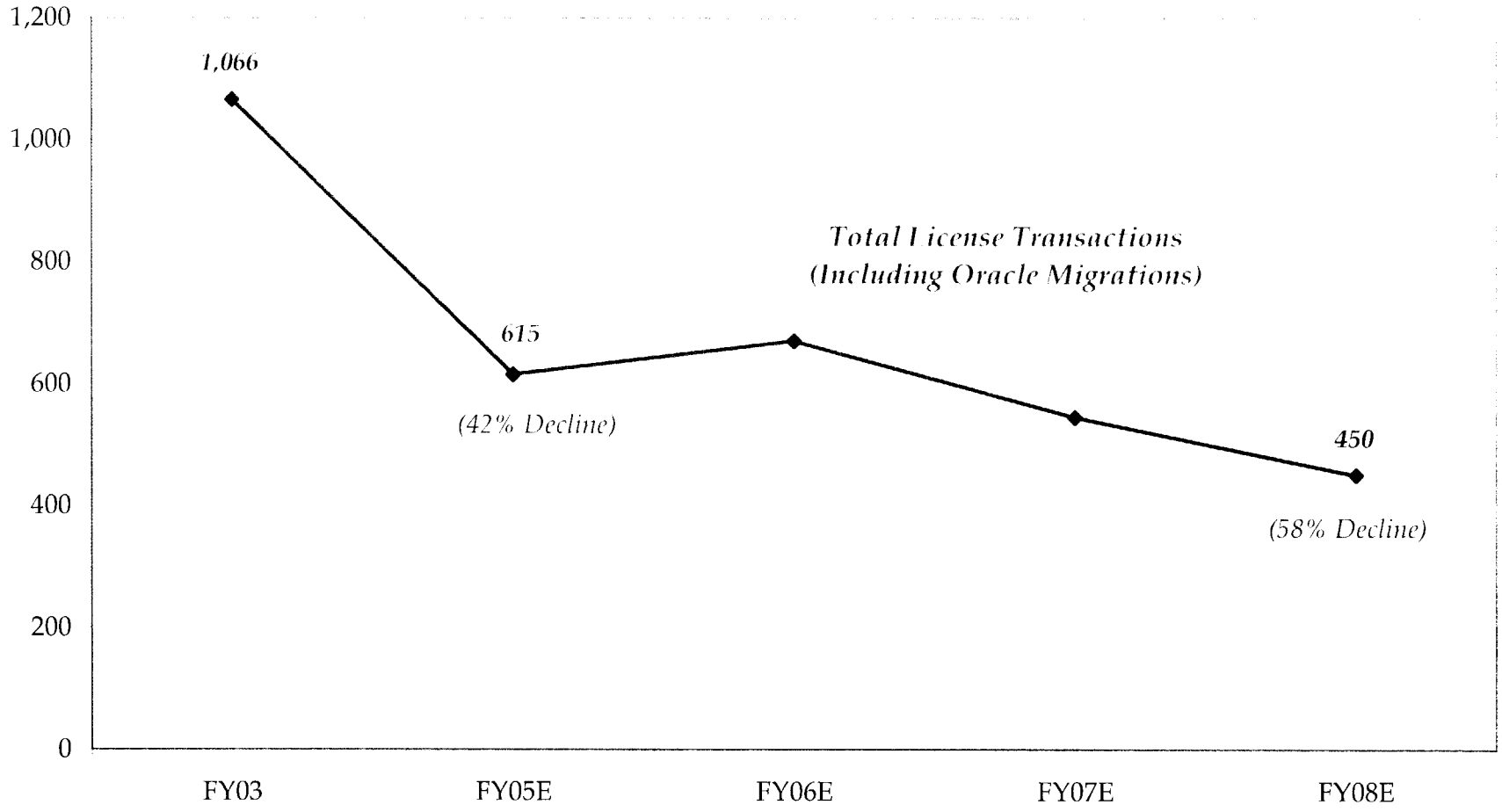
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).

J.D. Edwards:
Oracle's Projection of Decline in Customers



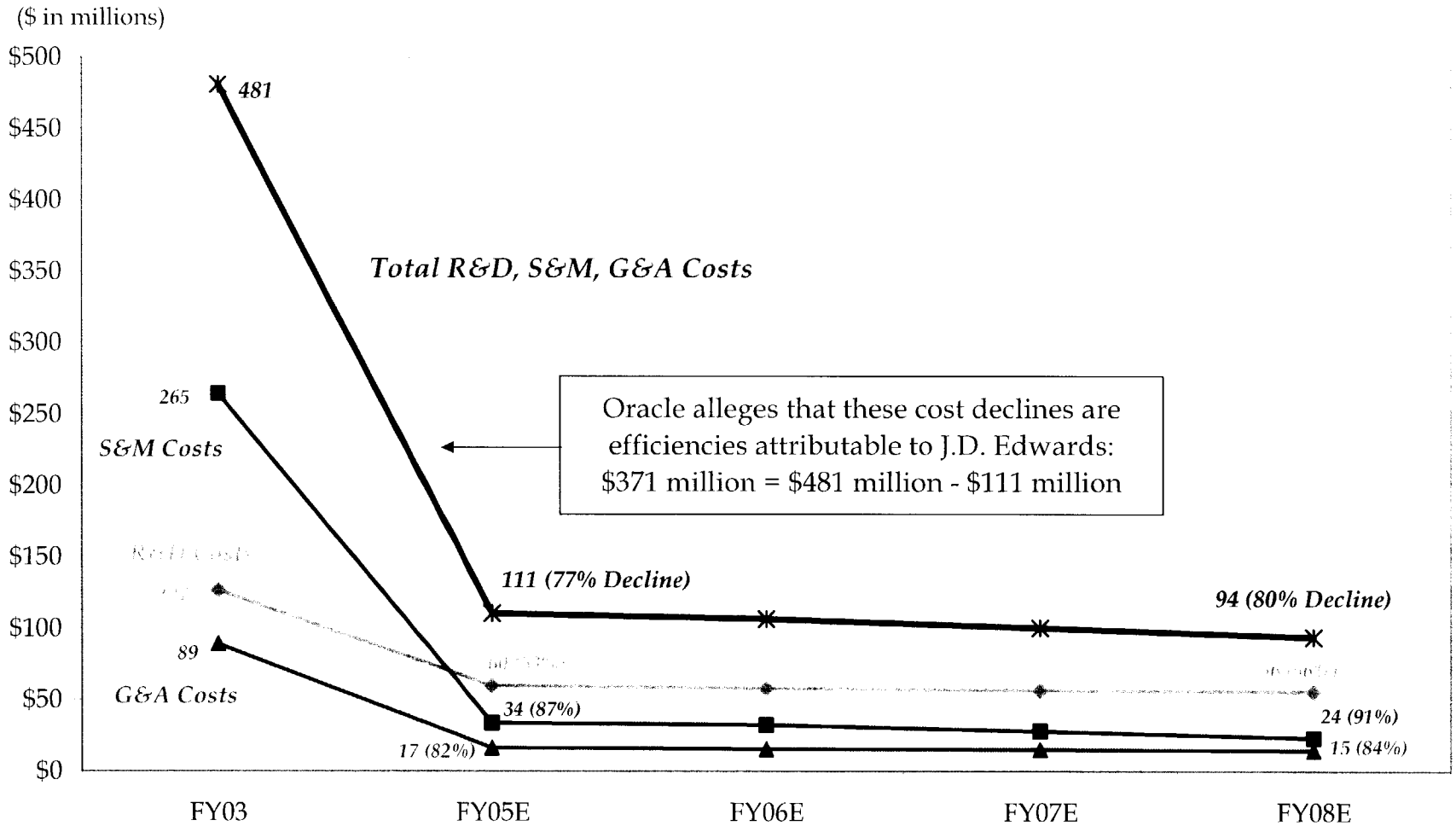
Notes: Customers numbers shown are end of period numbers. "Oracle migrations" are customers that switch from J.D. Edwards to Oracle products.
Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

J.D. Edwards:
Oracle's Projection of Decline in Total License Transactions



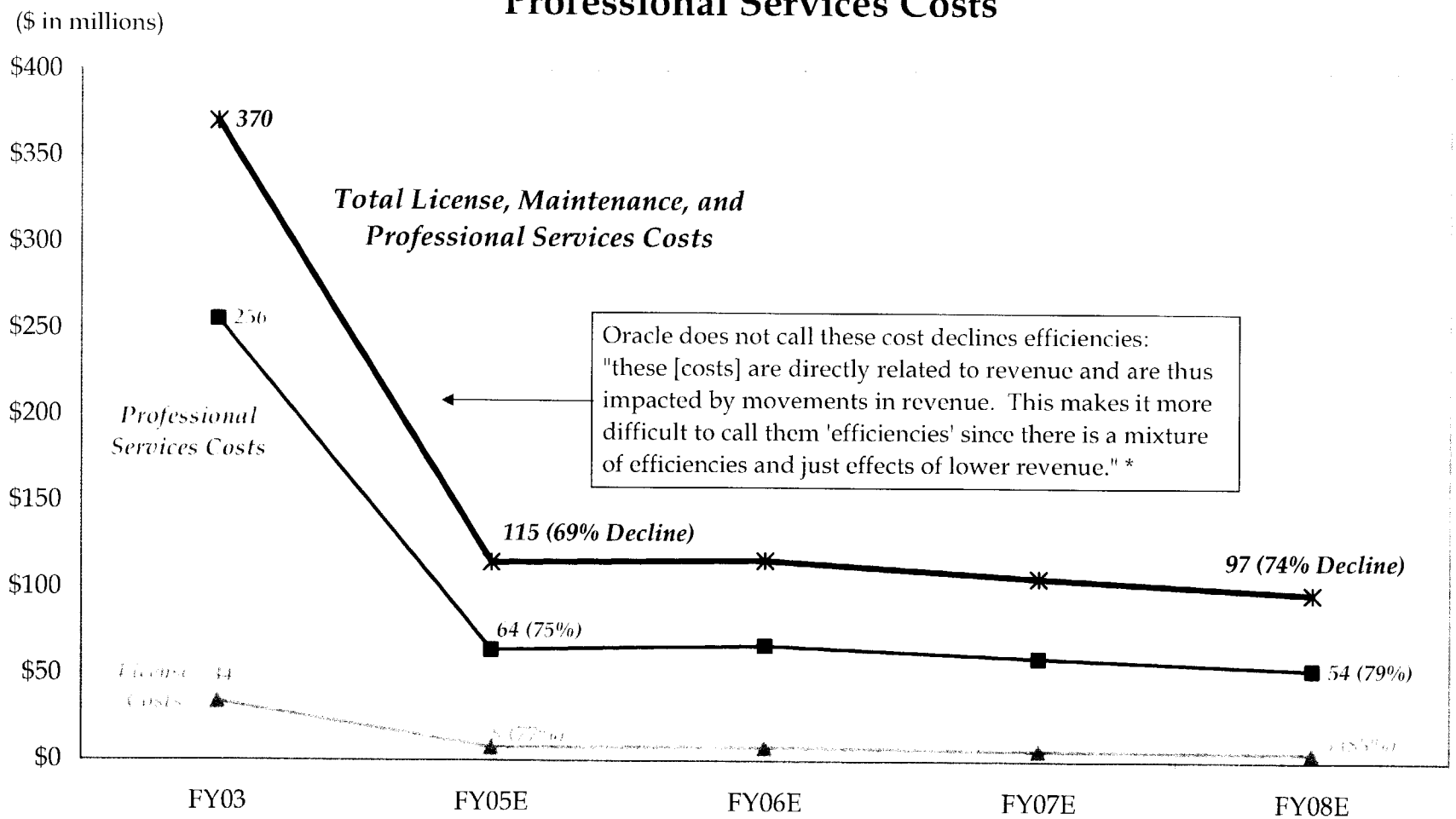
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).

J.D. Edwards:
Oracle's Projection of Declines in R&D, S&M, G&A Costs



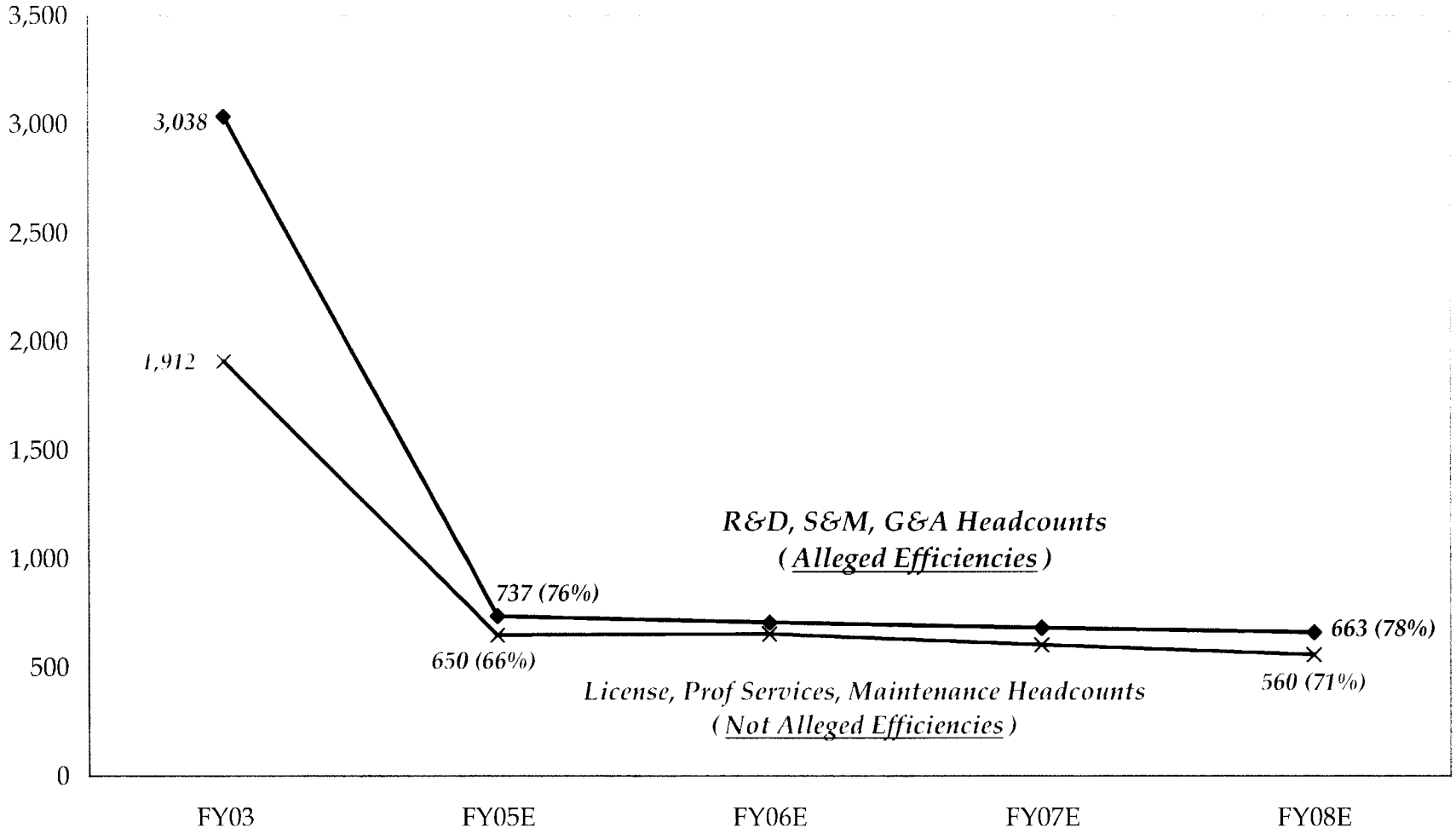
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

J.D. Edwards:
Oracle's Projection of Declines in License, Maintenance, and Professional Services Costs



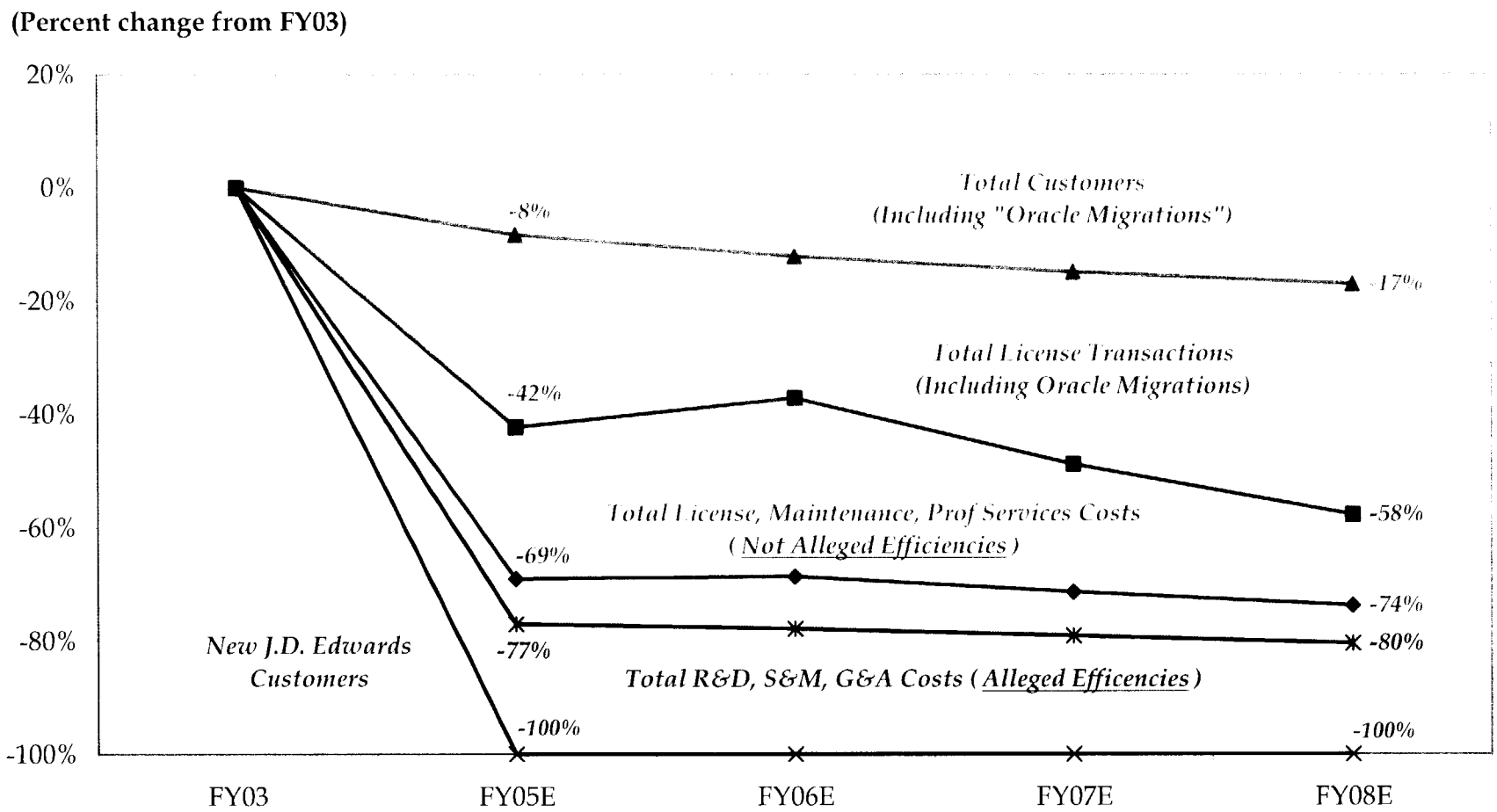
Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).
* See "Acquisition Efficiencies Analysis" summary chart (Defendants' Exhibit 7132).

J.D. Edwards:
Oracle's Projection of Declines in Headcounts by Types of Costs



Notes: Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004).

J.D. Edwards:
Oracle's Projection of % Declines in Output and Costs



Notes: Total customers shown are end of period numbers. Charts exclude FY04 since the July 2003 Model only provides partial year forecast for FY04.
Source: July 2003 Model (Plaintiffs' Exhibit 3004). For certain FY03 J.D. Edwards numbers, source is Oracle spreadsheet dated July 7, 2003 (Plaintiffs' Exhibit 901).

J.D. Edwards: Calculation of Alleged Efficiencies in R&D

RESEARCH & DEVELOPMENT COSTS ($ in millions unless noted)	FY03		FY05E	Delta	FY05 Assumption
Number of Persons	1,282		575	(707)	Yes
Average Salary per R&D Person ($000s)		x	$80		Yes
Other Costs per Employee ($000s)			$14		Yes
Total People Costs		=	$54		
Other R&D Costs		+	$6		Yes
Total R&D Costs	$127	=	$60	($67)	

J.D. Edwards: Calculation of Alleged Efficiencies in G&A

GENERAL & ADMINISTRATIVE COSTS ($ in millions unless noted)	FY03		FY05E	Delta	FY05 Assumption
Number of Persons	672		70	(602)	Yes
Average Salary per G&A Person ($000s)		x	$80		Yes
Other Costs per Employee ($000s)			$13		Yes
Total People Costs		=	$7		
Other G&A Costs		+	$10		Yes
Writedown of A/R		+	$0		Yes
Total G&A Costs	$89	=	$17	($73)	

J.D. Edwards:
Calculation of Alleged Efficiencies in S&M

SALES AND MARKETING COSTS ($ in millions unless noted)	FY03		FY05E	Delta	FY05 Assumption
Number of Quota Reps			75		Yes
Average Salary per Sales Rep ($000s)		x	$160		Yes
Total Direct Sales Costs		=	$12		
Number of Other Sales & Marketing			17		Yes
Average Salary per Other S&M ($000s)		x	$95		Yes
Total Other Sales Personnel Costs		=	$2		
Other Costs per Employee ($000s)			$12		Yes
Total S&M Employees	1,084	x	92	(992)	
Total Other People Costs		=	$1		
Total People Costs			$15		
Commissions on Oracle Migrations (20% of License)		+	$7		Yes
Other S&M Costs		+	$13		
Total S&M Costs	$265	=	$34	($231)	