US EXECUTIVE APPROVAL FORM

CUSTOMER NAME: **Merrill Lynch PARTNER/VAD NAME:**

SECTION I - Approval Requests:
HQAPP Request:

1. Increase previously approved 85% discount to 88% Discount on HR, Self Service HR, Payroll, Advanced Benefits, HR Intelligence, iRecruitment, Training Administration, Time and Labor. The two products on controlled availability (iRecruitment and Time & Labor) have both been approved for release by Development, and the requested discount has been approved by Tony Kender.

TIER 1 Requests:
N/A

TIER 2/3 Requests:
N/A

Previously approved on 12/11/02:

1. 85% L+S Discount on HR, Self Service HR, Payroll, Advanced Benefits, HR Intelligence, iRecruitment, Training Administration, Time and Labor. The two products on controlled availability (iRecruitment and Time & Labor) have both been approved for release by Development, and the requested discount has been approved by Tony Kender.

SECTION II – Deal Summary:

Deal Summary	
Programs	HR, Self Service HR, Payroll, Advanced Benefits, HR Intelligence, iRecruitment, Training Administration, Time and Labor
License Discount	88% (ebiz + 63%)
Support Discount	88% (ebiz + 63%)
Comp & Admin Discount	-
Phased Implementation for Comp & Admin?	-
Support Options/Holds	Updates and Product Support / None
Price Holds	None
List License	$ 17,875,000
List Support	$ 3,932,500
List Comp & Admin	-
Net License	$ 2,145,000
Net Support	$ 471,900
Net Comp & Admin	-
Net Total Price	$ 2,616,900
Price List Used	Oct. 4th, 2002

GOVERNMENT EXHIBIT P1019

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	70% through November 2004, then 30% through November 2009 (95% received on original ELA database deal)
Date of Price List for price hold	November 1999
When does price hold expire?	November 2004 (70%), November 2009 (30%)
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	Technology
Name of Agreement if applicable	

SECTION III –

New Justification:

After discussions with Tony Kender and License sales management, we need to request an additional 3% discount for this PSFT Competitive HR replacement. As their fiscal year ends, PSFT has come in to protect their HR install at Merrill and undercut our price as they now feel very vulnerable to being displaced in this major global account. Merrill management continues to engage our technical and functional teams as a decision will be reached next week.

Previous Justification (12/10/02):

This is for a Peoplesoft competitive replacement for the HR Suite and complete ERP commitment to Oracle. The price of PSFT migration to V8.8 is seen as expensive and considered a new implementation for Merrill. We have verified that this price point puts us in a competitive position. Price is the number one key issue for Merrill – both upfront and implementation costs. Oracle is the only other vendor they are considering. This should be viewed as a strategic competitive replacement that will enhance our HR position globally.

Background:

Merrill Lynch was the first and key Financial Services firm that purchased Oracle Financials in 1996 and helped build our product in the financial services vertical. This will be a similar historic opportunity for HR.

Merrill Lynch is very displeased with the PSFT migration track to V8.8, and the relationship has been severely compromised which has opened the door for Oracle. A high-level meeting with PSFT CFO and Merrill underscored price as a key factor. The next phase will be to outsource the entire ERP and HR suite, and Oracle's Tim Chou recently met with Merrill Executives. Oracle successfully demonstrated our HR Suite on 12/3/02 to HR LOB heads and positioned Oracle well in the account.

Key drivers of decision for Merrill:

1. Price
2. Pain (migration risk)
3. Pace (speed of implementation)

Why Approve:

1. Historic opportunity to gain foothold in PSFT core area of strength.
2. Merrill wants to be a strategic partner to assist in the build out of specific features that may be necessary for Financial Services as they did in 1996 with Oracle Financials.
3. Market opportunity would be considerable since Oracle has a strong foothold in Financials within Financial Services and sales model could be leveraged in other accounts that are in the PSFT Upgrade Cycle.
4. Substantial OCS opportunity for implementation.
5. Marquee Outsourcing opportunity.
6. Timing: There will not be another time to replace PSFT HR at Merrill due to upgrade cycle.

Tony Kender's Comments:

I approve the 85% discount for the HRMS suite in order to replace PeopleSoft at Merrill Lynch.

The employee record count is high enough to warrant a deeper discount than usual, as the HR price metric is linear and does not scale to market price requirements as the ee records get larger.

Most importantly, however, is the highly competitive and strategic nature of this sale. PeopleSoft has their CFO engaged in this deal to "save" their HR install and sell an upgrade to v 8. They have gotten very aggressive with their pricing. If Oracle can replace PeopleSoft in a recognizable market leader like Merrill Lynch, the result will be much greater than the $2.7M in license that we receive.

This win will lead to additional sales that we would not have gotten otherwise.

Without a discount of this level, we simply will not win. With it, we have a fighting chance to motivate the Merrill Lynch executives to unhook PeopleSoft HR and standardize on Oracle.

Additionally, I have mentioned this deal to the executive committee yesterday, all of whom are very interested in getting back into Merrill Lynch with HR, after having lost our initial attempt to win this business 5 years ago.

Recommendation: We want to beat peoplesoft. Approve.

Submitted By: ***Nick Khoury / Jane Kaufman, Fernicola, Block***

R: 12/19/02
C: 12/19/02
L: 12/19/02
A: 12/19/02
BP: BL