

Examples Illustrating the Tax Consequences of the Siebel Systems Merger to Certain Former Siebel Systems Stockholders

Overview

This document includes examples illustrating how a former Siebel Systems stockholder who made a stock election would calculate, for U.S. federal income tax purposes, taxable gain on the Siebel Systems merger, as well as the tax basis of the New Oracle common stock received in the merger. The examples apply to individuals who are citizens or residents of the United States, purchased all of their Siebel Systems common stock for cash and held that common stock as a capital asset (generally, for investment purposes). The examples do not address any special tax rules that may apply (including to stockholders who received common stock as compensation), nor do they address the consequences of any state, local or foreign tax laws.

Important Notice

These examples are not meant to provide you with tax advice and you should not rely on them. Your tax consequences depend on your individual circumstances and could differ significantly from those in the examples. **You should consult your own tax advisor regarding the specific tax consequences of the Siebel Systems merger to you in light of your own tax circumstances.** These examples are provided for illustrative purposes only and do not replace the discussion of tax consequences contained in pages 52-56 of the proxy statement/prospectus dated December 29, 2005 and distributed to Siebel Systems stockholders of record on December 30, 2005. Additional copies of the proxy statement/prospectus can be obtained through an e-mail request sent to investor_us@oracle.com, or by calling 650-506-4073. These examples assume that, as described on p. 55 of the proxy statement/prospectus, Section 304 of the Internal Revenue Code does not apply to the Siebel Systems merger. These examples also assume that cash received instead of a fractional share will be treated as cash received in exchange for Siebel Systems common stock, rather than in redemption of a fractional share of New Oracle common stock. Please see p. 55 of the proxy statement/prospectus.

Calculations

If these examples are applicable to you (as discussed above), your taxable gain on the merger and the tax basis of the New Oracle common stock you received in the merger are calculated as follows:

- **Step 1:** *Calculate the Original Cost Basis of Siebel Systems Common Stock.* Your cost basis generally equals the amount you paid for your Siebel Systems common stock.

- Step 2: *Calculate the Total Consideration Received in the Merger.* Your total merger consideration equals (1) the fair market value of the New Oracle common stock that you received in the merger, plus (2) the amount of cash (including any cash instead of a fractional share) that you received in the merger.
- Step 3: *Calculate the Taxable Gain or Loss Realized in the Merger.* Your realized gain or loss equals (1) your total merger consideration (as determined in Step 2), minus (2) your cost basis in the Siebel Systems common stock (as determined in Step 1).
- Step 4: *Calculate the Taxable Gain Recognized in the Merger.* Your recognized gain equals the lesser of (1) the cash you received in the merger (including any cash instead of a fractional share) and (2) the total gain realized on your Siebel Systems common stock (as determined in Step 3). You will not be permitted to recognize a loss.
- Step 5: *Calculate the Total Basis in New Oracle Common Stock.* Your total basis in the New Oracle common stock received in the merger equals (1) the original cost basis in your Siebel Systems common stock (as determined in Step 1), minus (2) the cash you received in the merger (including any cash paid instead of a fractional share), plus (3) the taxable gain you recognized in the merger, if any (as determined in Step 4).

If you owned multiple blocks of Siebel Systems common stock purchased at different share prices, you will calculate your gain on a block-by-block basis in the manner described above. You should consult your tax advisor regarding your basis in the New Oracle common stock received in exchange for multiple blocks of Siebel Systems common stock.

Assumptions for Examples

The following three examples illustrate the calculations described above. In each example it is assumed that you owned 200 shares of Siebel Systems common stock at the time of the merger. It is also assumed, for purposes of calculating the total consideration received in the merger (Step 2), that the fair market value of any New Oracle common stock received in the merger was \$12.50 per share, which is the average of the high and low prices of Oracle common stock on January 31, 2006 (the day on which the merger closed).

In each example, 183.58 shares of your Siebel Systems common stock would have been eligible for conversion into New Oracle common stock (200 Siebel Systems shares x 0.9179 Pro Ration Factor) and the remaining 16.42 shares of your Siebel Systems common stock would have been eligible for conversion into cash. Accordingly, you would have been entitled to 157.75 shares of New Oracle common stock (183.58 Siebel Systems shares x 0.8593 Conversion Ratio), and \$175.04 in cash (16.42 Siebel Systems shares x \$10.66). Instead of the 0.75

fractional share, you would have received an additional cash payment of \$9.46 (0.75 fractional share x \$12.61 closing price on the day prior to the closing of the merger), leaving you with 157 shares of New Oracle common stock.

The examples differ as to the original cost basis in the Siebel Systems common stock. In Example 1, you are assumed to have had an original cost basis of \$9 per Siebel Systems share. In Example 2, your basis is assumed to be \$10 per share, while in Example 3 it is assumed to be \$12 per share.

Example 1:

Step 1: Original Cost Basis of Siebel Systems Shares

200 shares x \$9/share	\$1800.00
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Step 2: Total Consideration Received in Merger

Stock Merger Consideration (157 New Oracle shares x \$12.50)	\$1962.50
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Plus: Cash Merger Consideration (\$175.04 plus \$9.46 cash instead of the 0.75 fractional share)	184.50
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Total Consideration Received	<u>\$2147.00</u>
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Step 3: Taxable Gain or Loss Realized in the Merger

Total Consideration Received	\$2147.00
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Less: Original Cost Basis of Siebel Systems Shares	<u>(1800.00)</u>
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Total Gain Realized	<u>\$347.00</u>
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Step 4: Taxable Gain Recognized in the Merger

Taxable Gain Recognized (Lesser of Total Gain Realized or Cash Merger Consideration)	\$184.50
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Step 5: Total Basis in New Oracle Shares

Original Cost Basis of Siebel Systems Shares	\$1800.00
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Less: Cash Merger Consideration	(184.50)
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Plus: Taxable Gain Recognized	<u>184.50</u>
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Basis of New Oracle Shares (157 shares)	<u>\$1800.00</u>
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Per Share Basis (\$1800 / 157 shares)	\$11.46
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In this example, you would report \$184.50 of taxable gain from the merger, and you would have a tax basis of \$1800 in the 157 shares of New Oracle common stock that you received.

This calculation is provided for illustrative purposes only. Specific questions about your unique situation should be discussed with your tax advisor.

Example 2:

Step 1: Original Cost Basis of Siebel Systems Shares	
200 shares x \$10/share	\$2000.00
 Step 2: Total Consideration Received in Merger	
Stock Merger Consideration (157 New Oracle shares x \$12.50)	\$1962.50
Plus: Cash Merger Consideration (\$175.04 plus \$9.46 cash instead of the 0.75 fractional share)	184.50
Total Consideration Received	<u>\$2147.00</u>
 Step 3: Taxable Gain or Loss Realized in the Merger	
Total Consideration Received	\$2147.00
Less: Original Cost Basis of Siebel Systems Shares	<u>(2000.00)</u>
Total Gain Realized	\$147.00
 Step 4: Taxable Gain Recognized in the Merger	
Taxable Gain Recognized (Lesser of Total Gain Realized or Cash Merger Consideration)	\$147.00
 Step 5: Total Basis in New Oracle Shares	
Original Cost Basis of Siebel Systems Shares	\$2000.00
Less: Cash Merger Consideration	(184.50)
Plus: Taxable Gain Recognized	<u>147.00</u>
Total Basis of New Oracle Shares (157 shares)	\$1962.50
Per Share Basis (\$1962.50 / 157 shares)	\$12.50

In this example, you would report \$147.00 of taxable gain from the merger, and you would have a tax basis of \$1962.50 in the 157 shares of New Oracle common stock that you received.

This calculation is provided for illustrative purposes only. Specific questions about your unique situation should be discussed with your tax advisor.

Example 3:

Step 1: Original Cost Basis of Siebel Systems Shares	
200 shares x \$12/share	\$2400.00
 Step 2: Total Consideration Received in Merger	
Stock Merger Consideration (157 New Oracle shares x \$12.50)	\$1962.50
Plus: Cash Merger Consideration (\$175.04 plus \$9.46 cash instead of the 0.75 fractional share)	184.50
Total Consideration Received	<u>\$2147.00</u>

Step 3: Taxable Gain or Loss Realized in the Merger

Total Consideration Received	\$2147.00
Less: Original Cost Basis of Siebel Systems Shares	<u>(2400.00)</u>
Total Loss Realized	(\$253.00)

Step 4: Taxable Gain Recognized in the Merger

Taxable Gain Recognized (Lesser of Total Gain Realized or Cash Merger Consideration) with No Loss Allowed	\$0.00
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Step 5: Total Basis in New Oracle Shares

Original Cost Basis of Siebel Systems Shares	\$2400.00
Less: Cash Merger Consideration	(184.50)
Plus: Taxable Gain Recognized	<u>--</u>
Total Basis of New Oracle Shares (157 shares)	\$2215.50
Per Share Basis (\$2215.50 / 157 shares)	\$14.11

In this example, you would recognize no gain or loss in the merger, and you would have a tax basis of \$2215.50 in the 157 shares of New Oracle common stock that you received.

This calculation is provided for illustrative purposes only. Specific questions about your unique situation should be discussed with your tax advisor.