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# **Oracle and Siebel Systems**

Acquisition Announcement –  
Oracle Investor Presentation  
September 12, 2005

# Disclaimer

## Important Information

This document may be deemed to be solicitation material in respect of the proposed business combination of Oracle and Siebel. In connection with the proposed transaction, a registration statement on Form S-4 will be filed with the SEC. STOCKHOLDERS OF SIEBEL ARE ENCOURAGED TO READ THE REGISTRATION STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT THAT WILL BE PART OF THE REGISTRATION STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED BUSINESS COMBINATION. The final proxy statement/prospectus will be mailed to stockholders of Siebel. Investors and security holders will be able to obtain the documents free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov), from Oracle Corporation, 500 Oracle Parkway, Redwood Shores, California, Attention: Investor Relations, or from Siebel Systems, Inc., 2207 Bridgepointe Parkway, San Mateo, California 94404, Attention: Investor Relations.

Oracle, Siebel and their respective directors and executive officers and other members of management and employees may be deemed to participate in the solicitation of proxies in respect of the proposed transactions. Information regarding Oracle's directors and executive officers is available in Oracle's proxy statement for its 2005 annual meeting of shareholders, which was filed with the SEC on August 30, 2005, and information regarding Siebel's directors and executive officers is available in Siebel's proxy statement for its 2005 annual meeting of stockholders, which was filed with the SEC on April 29, 2005. Additional information regarding the interests of such potential participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

## Cautionary Statement Regarding Forward-Looking Statements

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This document is for informational purposes only and may not be incorporated into a contract.

# Agenda

- Transaction Summary
- Transaction Rationale
- Combined Customer Benefits and Product Footprint
- Oracle's Consolidation and Integration Strategy

# Transaction Summary

# Transaction Summary

## Oracle acquires Siebel Systems and becomes #1 in CRM

- Oracle is acquiring Siebel, the leading provider of customer-facing enterprise applications
  - \$10.66 per share
  - \$5.85Bn fully-diluted equity value
  - \$3.61Bn net of Siebel cash <sup>(1)</sup>
- Transaction expected to close in early 2006, subject to Siebel shareholder vote, regulatory approvals, and customary closing conditions
  - No Oracle shareholder vote required
- Combining complementary best-in-class CRM capabilities of Siebel with best-in-class Oracle ERP, middleware and database to provide customers with a complete set of information age software
  - Joint customers have been asking for this in order to maximize their considerable investments in both companies' products
  - Project Fusion is well into development, and the timely incorporation of Siebel's features and functionality will complement and enhance those efforts

(1) Siebel net cash of \$2.24Bn as of 6/30/05.

# Overview of Transaction Structure

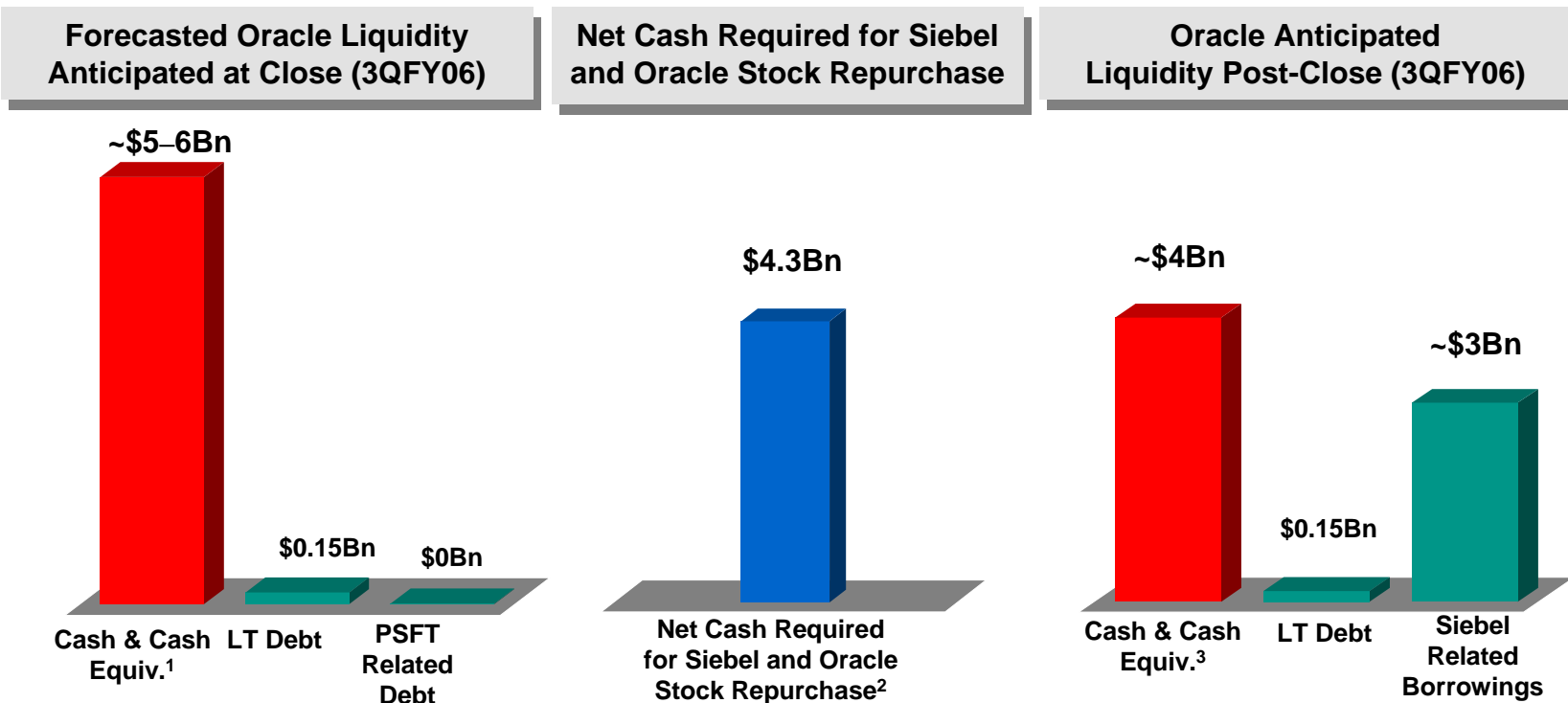
- \$10.66 in cash or Oracle stock per Siebel share
- Siebel shareholders can elect cash or stock with the stock portion capped at 30% of total consideration
- Number of Oracle shares issued will float based on Oracle's share price such that Siebel shareholders receive a fixed value of \$10.66 per share
- If Oracle's stock price declines below \$10.72, Oracle will issue a fixed number of shares (0.994 shares for each Siebel share) to those electing stock
  - In this scenario, Siebel shareholders will receive a fixed value less than \$10.66 per share if electing stock
- The measurement period for Oracle's average share price will be the 10 trading days ending the day prior to close
- Oracle will have the right to choose an election date during the 20 trading days ending two days prior to close

# Siebel Will Be Accretive to our Earnings

- Accretive to non-GAAP operations in first full fiscal year (FY'07)
  - \$0.02-\$0.03 accretive to FY2007 EPS on a non-GAAP basis
  - Up to 30% of the consideration may be in stock, but Oracle intends to repurchase stock equal to the shares issued in the transaction
  - Modestly dilutive on a GAAP basis
- The acquisition of Siebel will provide compelling financial returns for Oracle shareholders
  - Siebel transaction investment returns will exceed Oracle's hurdle rates
  - Siebel will contribute to Oracle's long-term 20% annual earnings growth target
  - Once integrated, Siebel's incremental contribution should exceed Oracle's current EBIT margins

# Funding the Transaction

- Total net cash requirements: \$2.6Bn - \$4.3Bn, depending on stock election
  - Funded through Oracle cash balance and borrowings
  - Borrowings could be paid off within a year given historical cash flow generation
  - Oracle generated cash flow from operations of \$3.5Bn in FY2005



(1) Potential range of cash balances for Oracle at anticipated closing in 3QFY06 based on current Wall Street estimates.  
 (2) Net of Siebel cash of \$2.24Bn at 6/30/05 and includes estimated transaction fees, expenses and one-time costs.  
 (3) Preliminary estimate, assumes approximately \$1.5Bn of Oracle balance sheet cash used to fund acquisition.

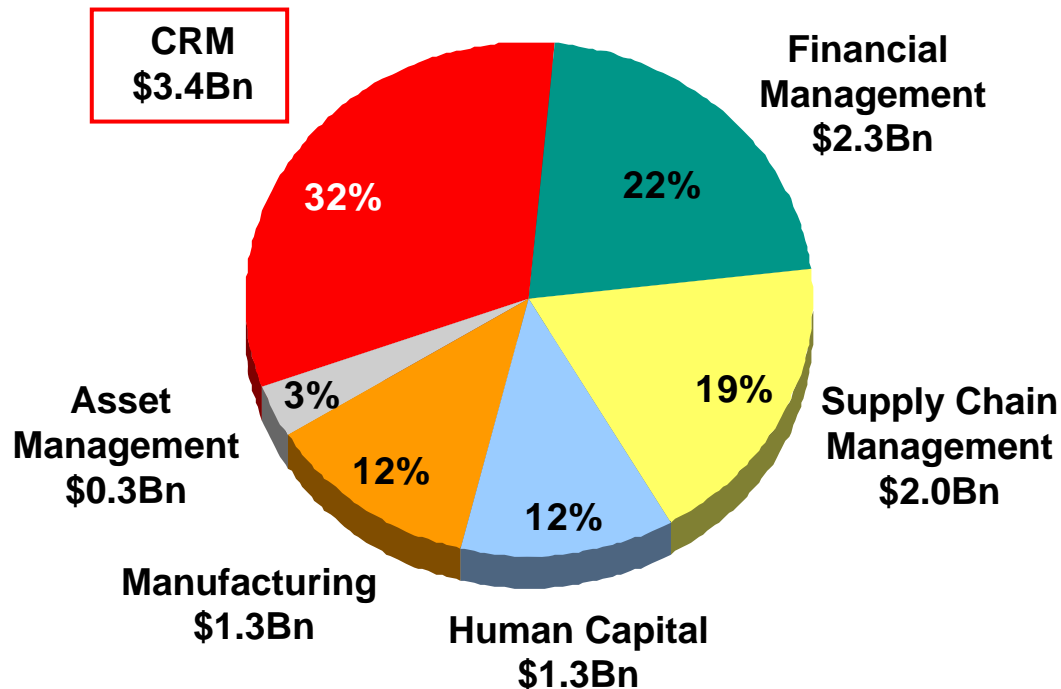


# Transaction Rationale

# CRM is the Largest Segment of the Packaged Apps Business ...

## 2003 Enterprise Application Software License Revenue

Total License Revenue = \$10.6Bn\*

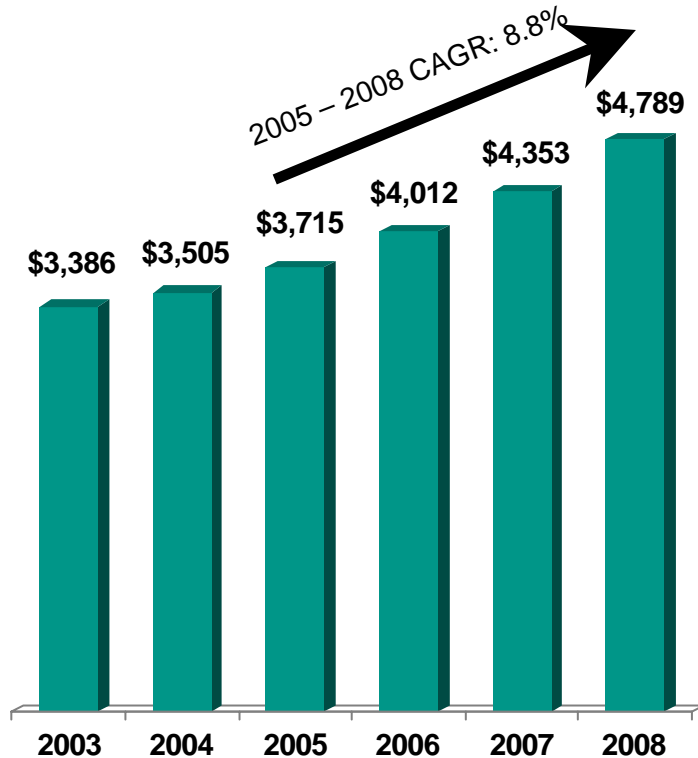


\*Source: Gartner, November 2004. Represents license revenue only, excludes maintenance revenue.

# ... and CRM is Projected to Keep Growing

## Worldwide CRM Market Growth Estimates\*

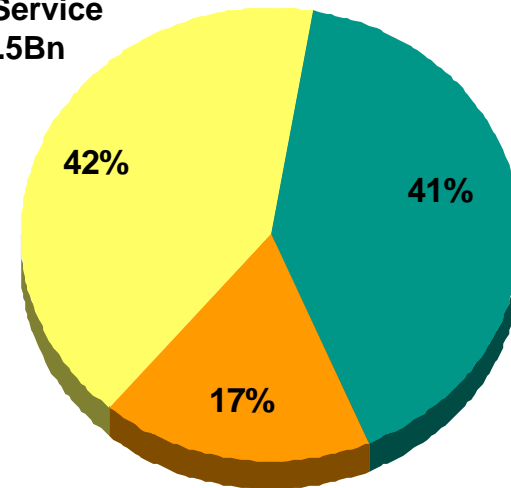
License Revenue (\$MM)



## CRM Functional Segmentation (2004)

2004 Total = \$3.5Bn

Customer Support  
and Service  
\$1.5Bn



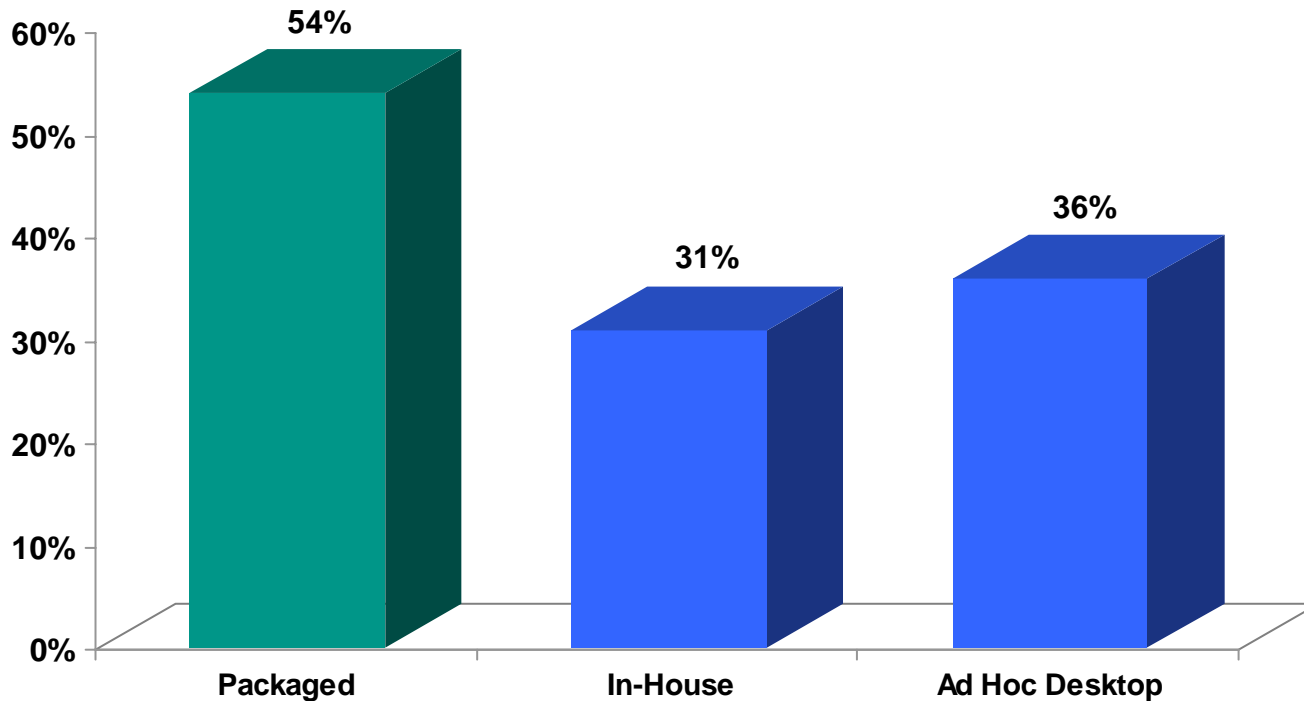
Marketing  
\$0.6Bn

Sales  
\$1.5Bn

\*Source: Gartner, November 2004. Represents license revenue only, excludes maintenance revenue.

# CRM Opportunity Remains Significant

## Current Deployments of Customer Management Software



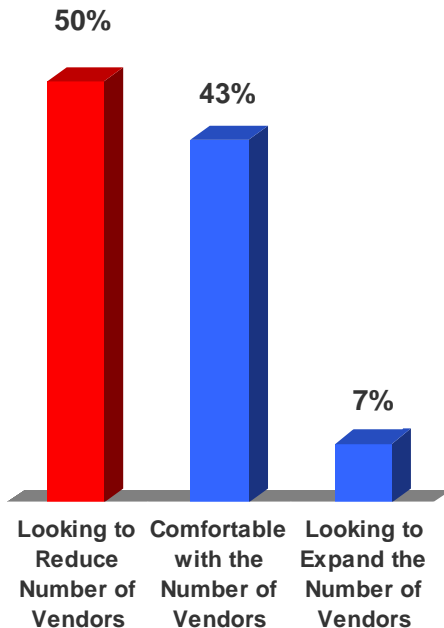
*Q. What types of customer management software do you currently use? (n=211)*

Source: AMR Research, 2005.

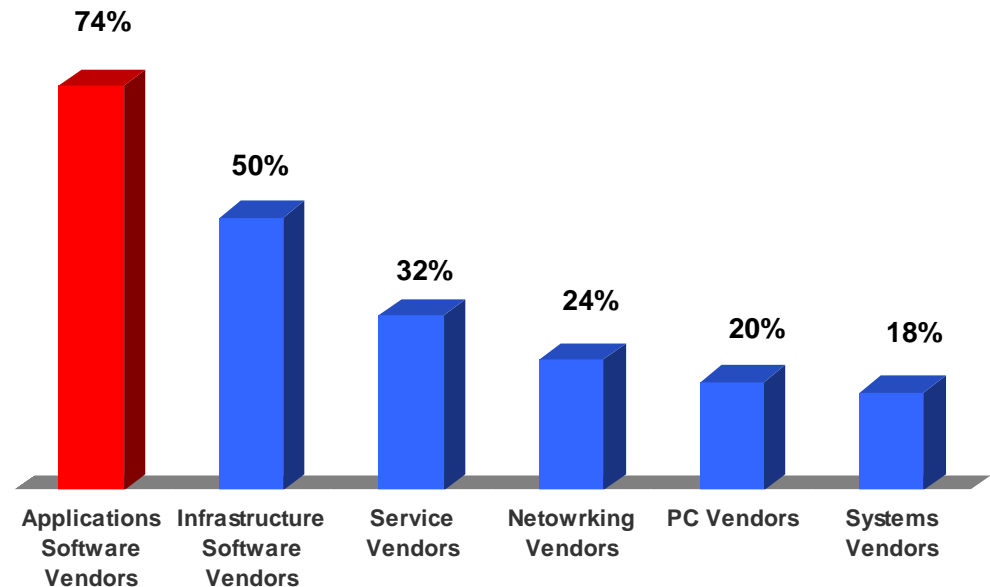
# ... but Customers are Driving Consolidation

## Oracle's strategic importance increases with acquisition of Siebel

50% of customers are looking to reduce the number of IT vendors they do business with



74% of customers indicated they are likely to reduce the number of applications software vendors they do business with



Source: Based on survey results from Goldman Sachs Global Investment Research – May 12, 2005.

# Acquisition Will Enable Oracle to Sell More Products and Technology

- Vaults Oracle from the middle of the pack to the lead in CRM
  - Best-in-class Siebel CRM becomes a strong reason for customers to choose Oracle enterprise applications solutions
  - Maximum deployment options with growing Siebel hosted CRM offering
- Complementary solutions and customer bases provide cross-sell and up-sell opportunities
  - Database, middleware, business intelligence
  - Customer data hub
  - Retek/ProfitLogic and i-flex solutions
- Acquisition adds significant customer references and industry expertise in customer centric applications

# Oracle Becomes More Important Strategic Partner for More Customers

- Customers seeking to lower costs and complexity with a smaller number of strategic IT vendors
  - Oracle is already a strategic ERP, middleware and database vendor
- Customer-facing CRM solutions help Oracle become a more important strategic solutions provider
  - Combined companies can accelerate delivery of innovative CRM applications with a larger R&D budget
  - Tightly integrated with Oracle's applications and infrastructure
  - Amplified by Oracle's commitment to deployment flexibility, whether on premise, hosted, or hybrid models

# Oracle Becomes More Important Strategic Partner for More Partners

- Acquisition strengthens relationships with many key partners that help drive Oracle revenue
  - Partners influence customer decisions on applications purchases
  - Affects all parts of Oracle's business by having a critical number of partners as our champions
- Reinforces our importance to systems integrators
  - Combination will result in Oracle being the largest CRM practice at many firms
  - Solidifies and grows relationships with IBM, Accenture, Capgemini, Deloitte, BearingPoint, and other SIs
- More opportunities for each partner, allowing them to further invest in the Oracle ecosystem
  - Build complementary software skills and best practices
- Many of the most influential partners are also Siebel's largest customers



# Oracle / Siebel Combination Will Be More Successful than Siebel Alone

- Oracle will realize substantial, immediate cost reductions given our existing CRM investment
- Oracle and Siebel has more scale and scope combined and lower costs
  - 260,000 customers; 24x7 global support network; 13,100 developers
  - Significantly broader and deeper product offering
- Oracle will provide a product roadmap for CRM that will bolster customers' confidence to invest
  - Resolves concerns regarding Siebel's viability
- Siebel can leverage Oracle's leading middleware offering at a time when architectural changes (like SOA) dictate seamlessness with middleware
- Oracle and Siebel together can more effectively compete versus SAP, Microsoft, salesforce.com, Amdocs, RightNow, and others

# Oracle Becomes Leading Customer Centric Software Provider

Siebel's best-in-class CRM + Oracle's best-in-class ERP +  
Oracle's best-in-class Fusion middleware +  
Oracle's best-in-class 10g database technology =  
Single best solution for customer centric enterprises

## Siebel Systems

- Most live CRM users – 3.4mm
- Over 4,000 world class customers
- Largest enterprise CRM deployments
- Proven return on investment
- Best practices and implementation experience
- 5,000 employees located in 80 offices in 33 countries
- Revenue of \$1.3Bn<sup>(1)</sup>

## Oracle

- 360° real-time view of the customer from sales to services to fulfillment to the shop room floor
- Domain expertise to aggregate, cleanse and normalize customer data
- Industry expertise in key verticals
- 50,000 employees servicing 260,000 customers across 190 countries
- 24x7 global support
- 13,100 software developers and \$1.5Bn R&D budget<sup>(1)</sup>

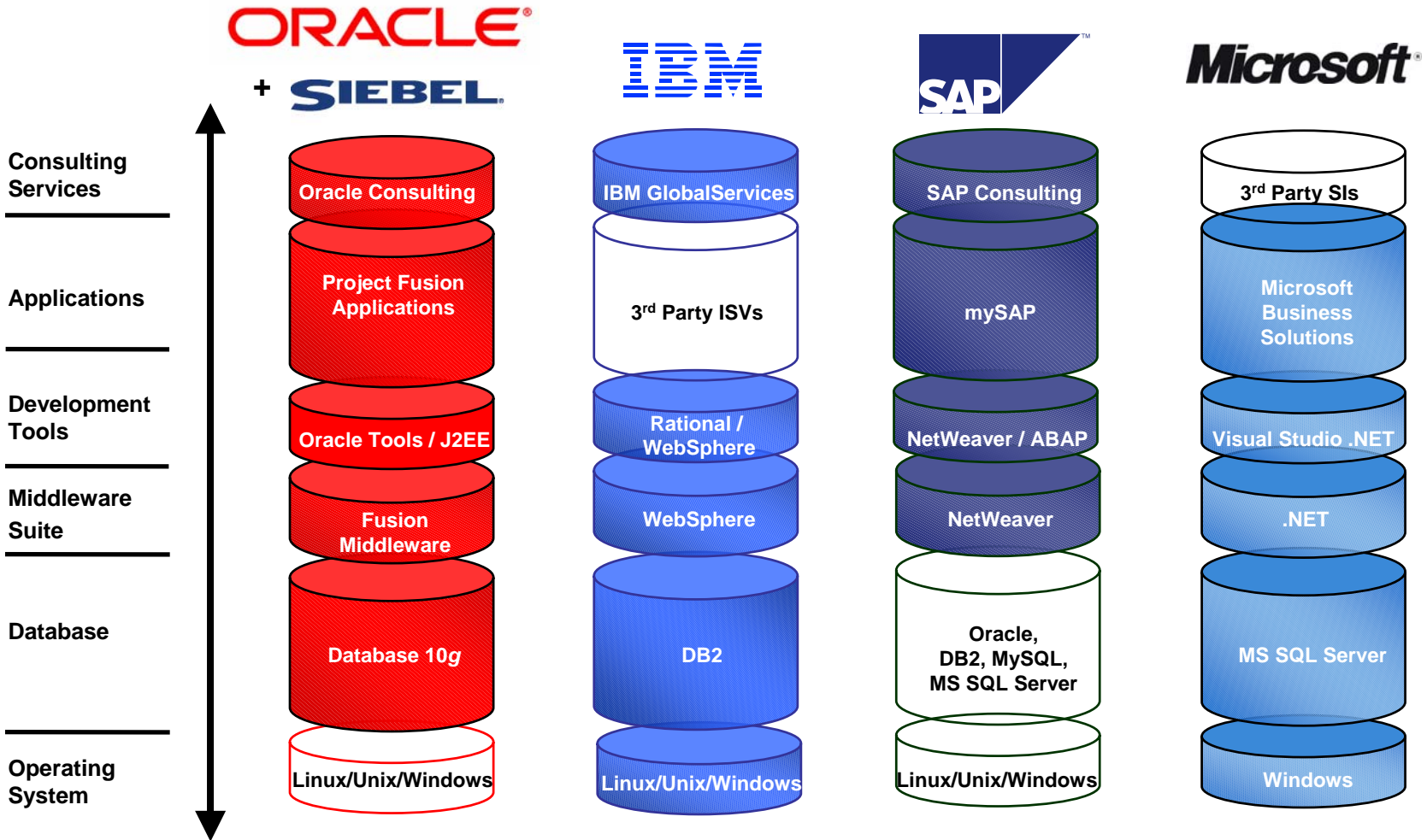
(1) Based on last fiscal year income statements.

# The Result: *More of Everything ...*

- Oracle can capture a larger share of CRM growth
  - Growing both license and maintenance
- Oracle can up-sell and cross-sell joint installed base with a broader product offering
  - More apps, more database, more middleware
- Oracle can better retain Siebel customers
  - Broader product offering delivered by a more strategic vendor and solutions provider
- Oracle can increase customer satisfaction and increase maintenance renewals
  - Much larger 24x7 global support infrastructure
- Oracle and Siebel combined will achieve economies of scale and offer customers increased functionality at lower TCO

# ... And Oracle Becomes Leading Enterprise Vendor

Oracle "stack" is more compelling



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# Combined Customer Benefits and Product Footprint

# Siebel Systems Customer Benefits

**Investments in Siebel applications will be supported and protected as the centerpiece of Oracle's Fusion CRM strategy**

- Stronger combined vendor with complementary products attributes
  - Removes concerns about Siebel's future
  - Products designed to work with Oracle's software
  - Accelerate delivery of innovative CRM applications with larger R&D budget
- Continue support for Siebel's CRM and analytics solutions
  - Provide seamless continuity for customers
  - Maintain support for heterogeneous databases
- Commitment to deployment flexibility, including Siebel CRM OnDemand
- Enhanced support and services through scale
- Extended partner ecosystem with increased investment
  - Support and broaden relationships with Siebel's business partners

# Oracle Customer Benefits

## The proposed transaction underscores Oracle's commitment to customer-facing solutions

- Siebel CRM will be integrated with Oracle's applications and infrastructure
  - Siebel will continue to be available today and will serve as the centerpiece of Oracle's Fusion CRM strategy
  - Siebel CRM provides proven ROI and 98% product loyalty<sup>(1)</sup>
  - Siebel will represent the base set of features and functionality for the next generation of Fusion CRM applications
- Access to industry best practices and implementation expertise based on the large number of Siebel deployments
- Customers of Oracle/PeopleSoft/JD Edwards CRM applications will continue to receive enhancements and support
  - Products will continue to evolve with new functionality over time
  - Incorporation of Siebel's features and functionality will help customers extend the value of their existing CRM investments

(1) Siebel Systems customer survey, Satmetrix Systems, Q3 CY 2005.

# Dawn of Real Information Age Applications

Combination will offer a compelling set of modern, information age applications

## Legacy Applications

('80s and '90s; Driven by Y2K)

- Proprietary and closed
- Information silos fragment data and tasks
- ERP-focused
- Designed for process automation and process clerks
- Antiquated technology designed for data entry, not data access

## Information Age Applications

(Modern; Driven by Customer Centricity)

- Standards driven
- Information driven
- Industry driven
- Designed for intelligent, real-time proactive decision making
- Built on a modern and open service oriented architecture



# Product Evolution for All Customers

Combination ensures support and protection for the significant investments customers have made

- We plan to continue to release product enhancements and support for Oracle and Siebel Systems CRM products
- Plans include a migration for existing CRM customers to Fusion CRM applications, which will incorporate Siebel CRM as the base set of features and functionality

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MANAGEMENT

**ORACLE**  
PEOPLESFT ENTERPRISE  
CUSTOMER RELATIONSHIP  
MANAGEMENT

**ORACLE**  
JD EDWARDS ENTERPRISEONE  
CUSTOMER RELATIONSHIP  
MANAGEMENT

**SIEBEL**

• New Functionality  
• Product Enhancements  
• Product Support

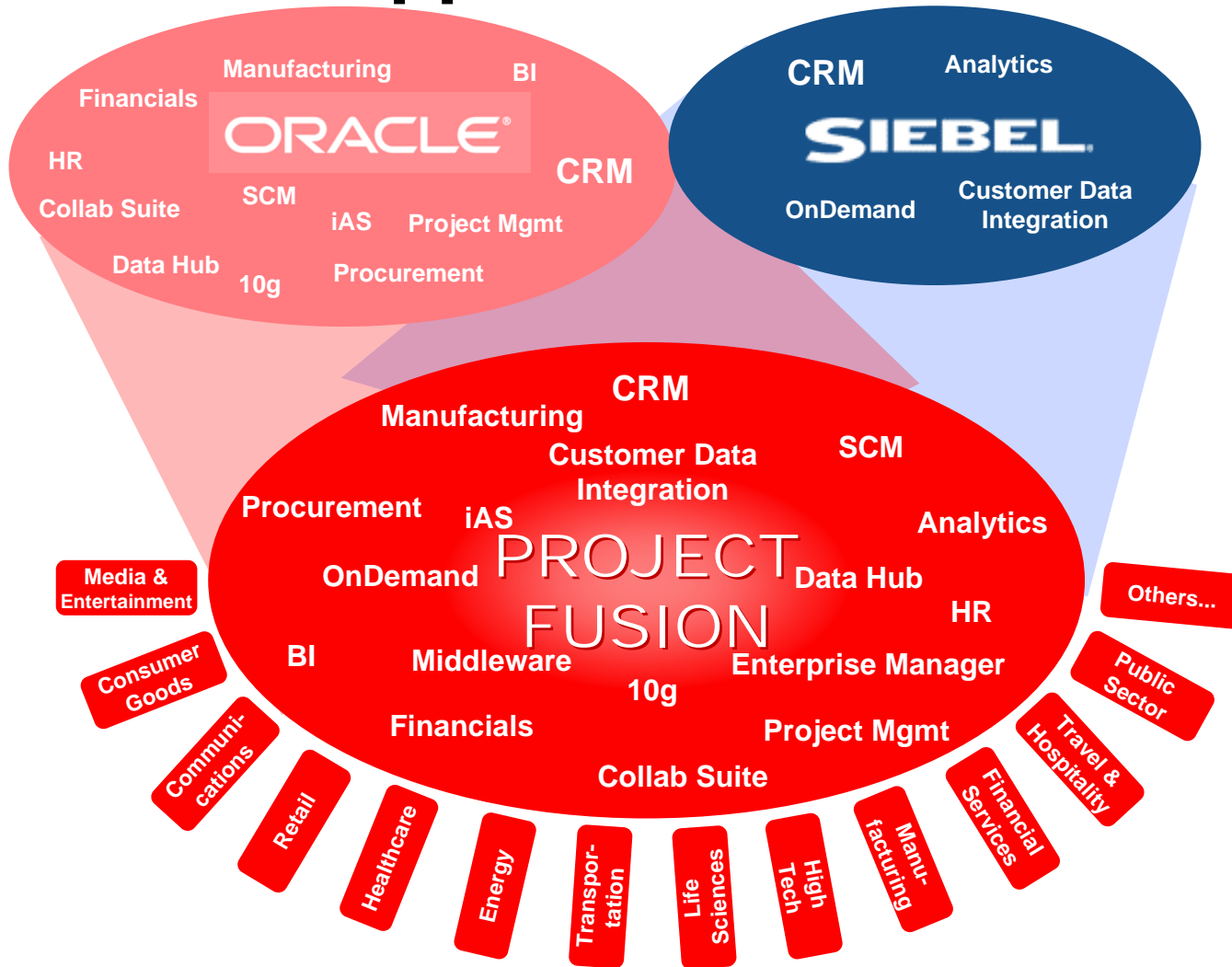
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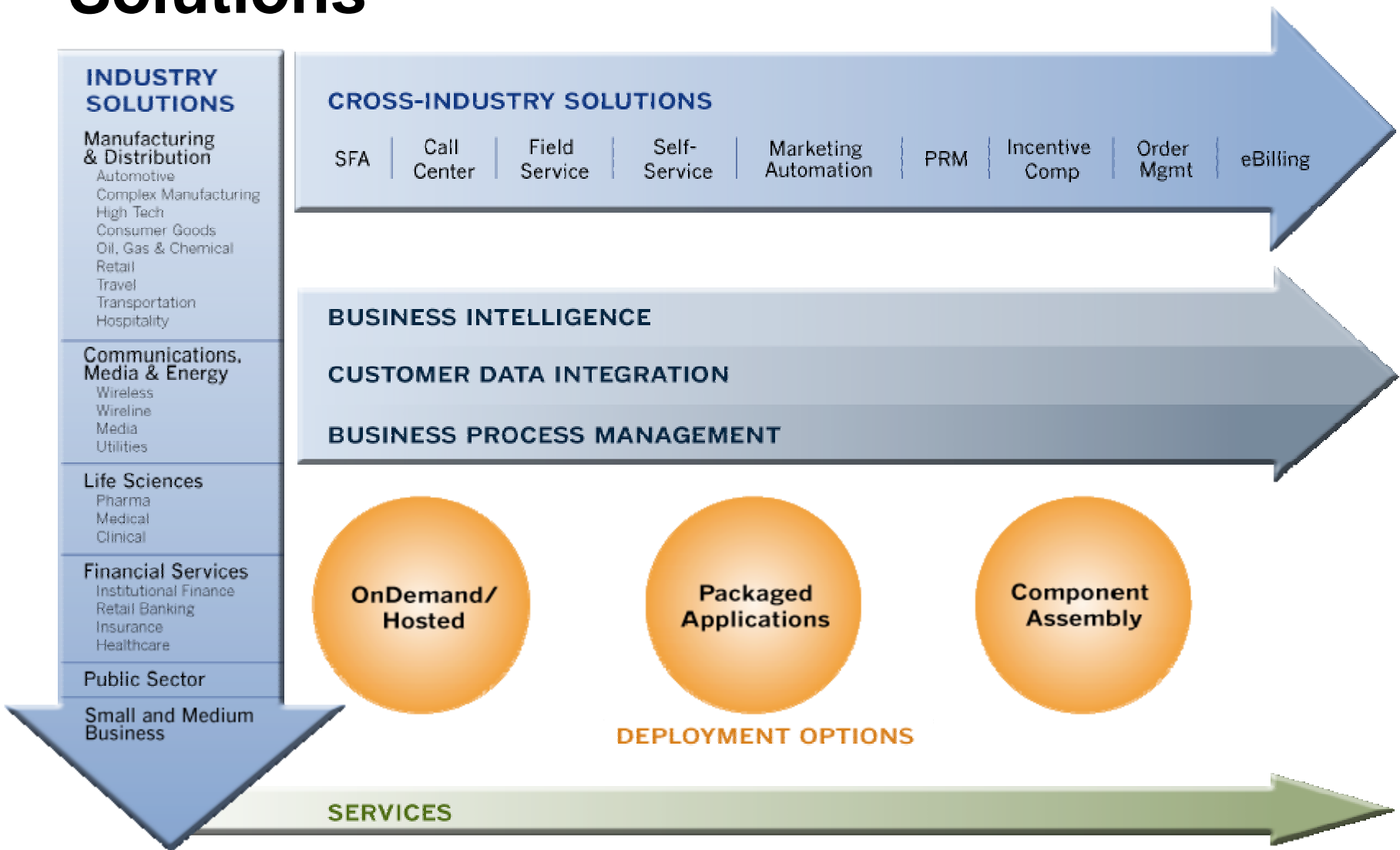
PROJECT  
FUSION

# Convergence of Oracle and Siebel Applications



- Complete set of modular, information age applications
- Tailored for the needs of over 20 specific industries

# Siebel's Customer-Architected Solutions















# Select Joint Applications Customers

- Siebel's product capabilities are tailored for the needs of over 20 industries
- Customer commonality speeds time to benefit

Communications & Media	Financial Services	Life Sciences	High Technology	Insurance & Healthcare
Travel, Transport & Hospitality	Consumer Goods	Manufacturing	Retail	Automotive

# Largest Siebel Deployments

Company	Users	Company	Users
	66,300		30,000
	63,800		25,100
	41,000		25,000
	40,600		24,700
	40,500		23,800
	30,300		22,700

# Oracle's Consolidation and Integration Strategy

# Consolidation Provides Compelling Benefits for Customers

**Oracle has been pursuing a consolidation strategy in order to maximize customer revenue and drive shareholder value**

- Accelerated innovation from larger R&D investments with less redundant efforts
- Enhanced product solutions with broader, more modular and flexible business functionality
- Reduced TCO through improved software integration
- Decreased complexity in the sourcing, implementation and ongoing maintenance of software
- Consolidated customer support across multiple products with increased vendor accountability

# Clearly Defined Acquisition Criteria Speeds Time to Benefit

## Acquisition Criteria

## Oracle Strategic Benefits

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### Deliver Enhanced Solutions for Customers

- Combine products and solutions in a seamless way
  - Increase rate of product investment on a combined basis
  - Leverage Oracle technologies to provide a more seamless customer experience
- 

### Complementary Products and Technology

- Critical expertise / functionality in industries or product segments
  - Provide platform extension or enhancement
- 

### Close Alignment With Oracle Vision

- Acquired products built using open standards and Java
  - Shared vision and corporate philosophy
- 

### Significant Number of Common Customers

- Drive cross-sell and up-sell
- 

### Ability to Integrate in Six Months

- Consolidate quickly to provide a single face to customers
  - Utilize Oracle operations infrastructure immediately
- 

### Financial Return Criteria

- Accretive in 12-18 months
  - Contribute to 20%+ annual earnings growth target over next 5 years
-



# Integration Plan for Siebel Consistent with Previous Experiences

- Five integration focus areas with repeatable objectives

## Customers

- Focus on 100% customer satisfaction
  - Ensure smooth transition for customers without interruption
  - Over-communicate with customers throughout the integration
- 

## Employees

- Restructure quickly – retain the best-of-the-best
  - Objectively select individuals to run key organizations
  - Minimize dependence on contractors and third parties
- 

## Products

- Align product strategies with existing Oracle direction
  - Ensure commitment to open standards
  - Continue release schedule, while integrating with Oracle products
- 

## Legal Entities

- Consolidate quickly to provide single face to customers
  - Prioritize legal entity mergers to drive rationalization
  - Coordinate contracting and other business practices
- 

## Operational Infrastructure

- Align corporate policies and procedures starting on “Day 1”
- Leverage Oracle infrastructure quickly
- Standardize and globalize processes on Oracle single instance

# Summary of Recent Integrations

Oracle's rigorous and repeatable integration strategy means each of our recent acquisitions is fully integrated or close to completion

	Q3 FY'05	Q4 FY'05		Q1 FY'06	
	PeopleSoft	Retek	Oblix	TimesTen	ProfitLogic
Merger Announcement Date	12/13/2004	3/8/2005	3/28/2005	6/9/2005	7/5/2005
<i>Equity Purchase Price</i>	<i>\$11.1bn</i>	<i>\$665.0mm</i>	<i>not disclosed</i>	<i>not disclosed</i>	<i>not disclosed</i>
Acquired # of:					
Customers	12,900	230	200	126	27
Employees	11,075	525	111	87	219
Products	300	28	8	3	3
Legal Entities	79	14	3	2	4
Integration Statistics:					
Employee Offer Acceptance Rate	94%	90%	100%	97%	99%
Legal Entity Merger Completion (1)	100%	100%	100%	100%	66%
Facility Consolidation Completion (2)	100%	74%	100%	0%	65%
IT Migration Completion	75%	50%	100%	66%	50%

Note: Excludes asset acquisitions of Triplehop and Context Media.

(1) For PeopleSoft, all currently planned legal entity mergers have been completed.

(2) TimesTen facility consolidation includes only one facility, the company's former HQ, which will be completed at the end of September.

# Demonstrated Customer Support for Oracle's Integrated Applications

- Various customer surveys confirm the high customer satisfaction levels with Oracle's vision, strategy and support post-acquisition
- Prudential Equity interviewed 15 PSFT/JDE customers<sup>(1)</sup>
  - A majority are happy and plan to stick with Oracle
    - Over 90% are or will be moving forward with PSFT/JDE upgrades
    - Only one customer has indicated they may switch in next 12 months
  - 87% have met with an Oracle representative post-merger
  - Customers giving Oracle the opportunity to deliver on Project Fusion

"I believe that extending support for and offering live technical sessions as part of MetaLink is yet another sign that [Oracle officials] are committed to their customer base. [Oracle] is clearly making significant strides to continue to support, sustain and educate their customers."

**John Matelski, Deputy CIO, City of Orlando  
Computerworld, May 5, 2005**

"When we heard about the merger, we were very concerned, given all the rhetoric and noise in the press," he acknowledges. "After all, we'd spent a lot of money." The Oracle road map has eased those concerns, says Miller. "I've been told they'll support my [PeopleSoft] applications and databases for the next decade and that I won't be forced to make any major changes, which gives me comfort," he adds. "We're optimistic."

**Laird Miller, CFO, London Drugs Ltd.  
CFO, April 1, 2005**

(1) Prudential Equity Group, LLC, June 21, 2005.

# Demonstrated Customer Support for Oracle's Integrated Applications (Cont'd)

"The combined companies will be in a better competitive position. The added stability means I can plan more confidently. I'm pleased that my business-critical applications have the resources of a larger company behind them."

**Norm Fjeldheim, CIO, Qualcomm**

"I think it's a positive development. Oracle has the scale to compete on a global level and keep up the development necessary to provide complete information technology solutions to companies like ours."

**Charlie Peters, Senior EVP, Emerson**

"I am confident that Oracle will be able to use its combined size and intelligence to develop and deliver a better solution than anyone has today. I do expect this to be a case where the combined companies will be far greater than before—a classic case of one plus one is three."

**Chuck Moore, Staff VP, ASC & Admin, Wellpoint**

"Consolidation is just what's needed in the enterprise software industry right now. Combining the best of Oracle and PeopleSoft applications will be a big plus for customers. I'm also confident that the combined companies will result in a strong consolidation strategy from JD Edwards to Oracle."

**Jim Bingley, Director, ERP & Reporting, Riverdeep**

"We always believed Oracle was a force to be reckoned with. Now the vision has become a reality."

**Glen Magala, CIO, Atari**

"I have 100% confidence in the integrity and vision of Oracle's executive team. And at the end of the day, it's all about having and creating value for customers."

**Scot Klimke, CIO, Network Appliance**

# Aberdeen: “Believe It or Not, Consolidation Benefits Users and Vendors”

**Sep. 2005 Aberdeen report confirms the benefits to both users and vendors, highlighting Oracle’s demonstrated best practices**

- “Technology giant Oracle Corp. successfully demonstrated with PeopleSoft and subsequent purchases that it can move decisively to bring acquisitions under the corporate umbrella with a minimum of disruption.
  - Oracle’s size and depth of its technology stack, from database to application, allow it to aim for what’s beyond the reach of most other software companies.
  - Its software strategy of providing a common infrastructure platform supporting business applications across all industries has a direct influence on how the company evaluates and ultimately integrates acquisitions into its portfolio.
  - The company also views the acquisition process as a way to accelerate the introduction of new functionality into its installed base.
- In the end, financially stable enterprise application companies willing to invest in the development of their products with a clear roadmap for the future offer end users the safest haven.”

Source: Aberdeen Group, “Your Enterprise Software Vendor is Being Acquired; How Do You Respond?”, Sep. 2, 2005.