

Oracle Japan Strategy

Business Transformation and Development

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Environment Recognition

Business Environment

Economic stagnation
•GDP decline
•Sluggish share prices
•Sluggish capital investment
•Deflationary force

Corporate Governance

Advanced network tech.

IT investment “Keywords”

High ROI

Intelligence productivity

Utilize existing information

Strengthen IT governance

**Increasing Information
Dependence of SMEs**

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Continue Making Progress to Targets Outlined in "Innovation 2003"

Innovation 2003 target

(as of January 15, 2003)

Innovation 2003 target (as of January 15, 2003)	FY03 result	FY04-06
Recover and maintain operating margins of 30%	Realized (30%)	Maintain / Improve
Over ¥100 billion revenue in FY06		Achieve target
15% average annual operating income growth		Achieve target

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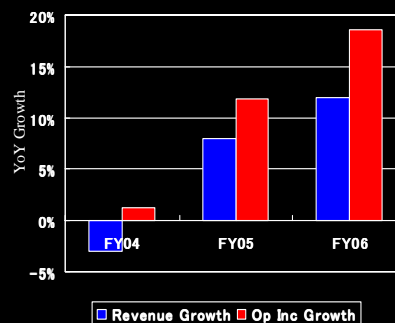
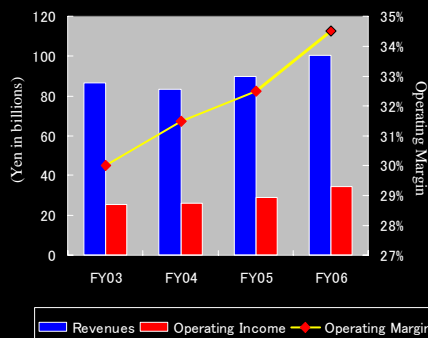
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Positioning and Goals of Innovation 2003 - Full-scale Development in FY05, 06

Positioning



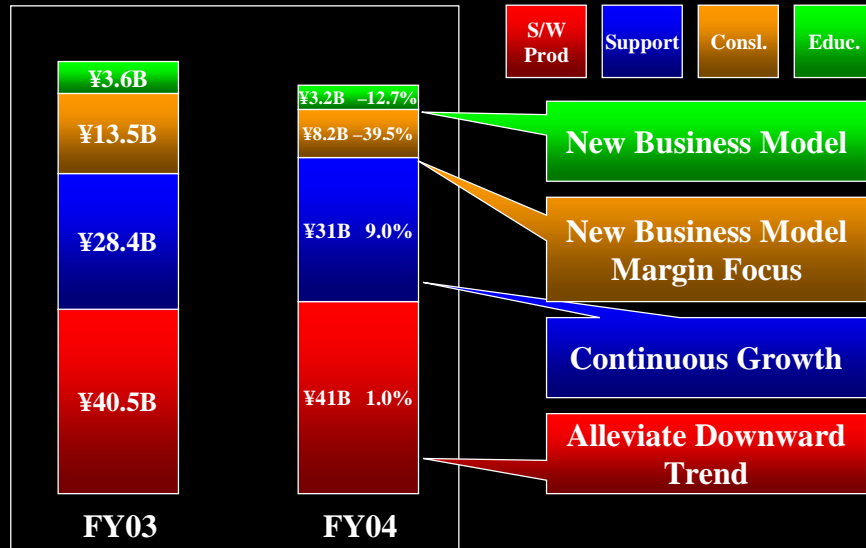
Goal



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FY04 Revenue by LOB



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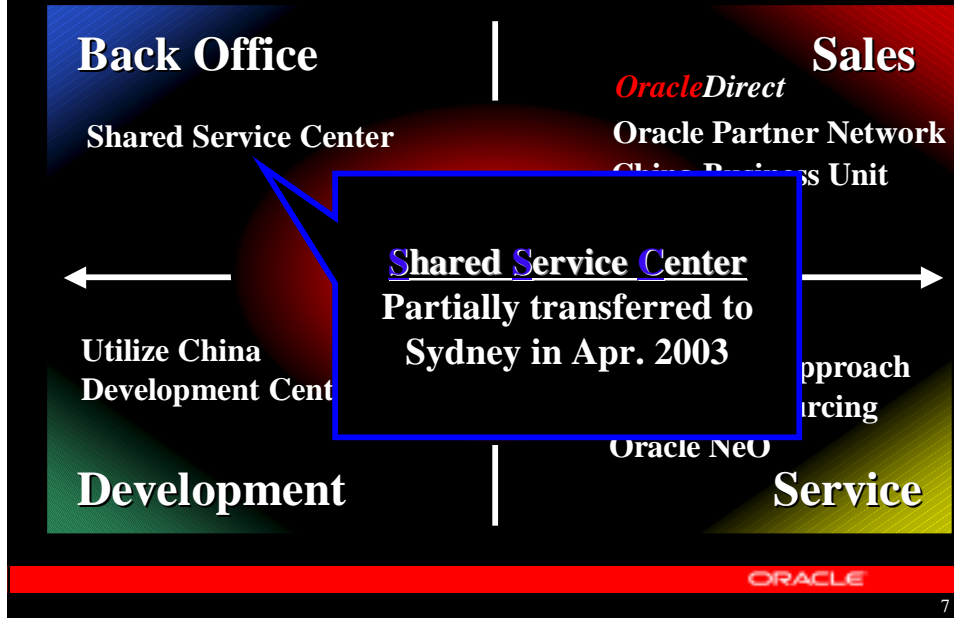
Status of Innovation 2003 Key Initiatives



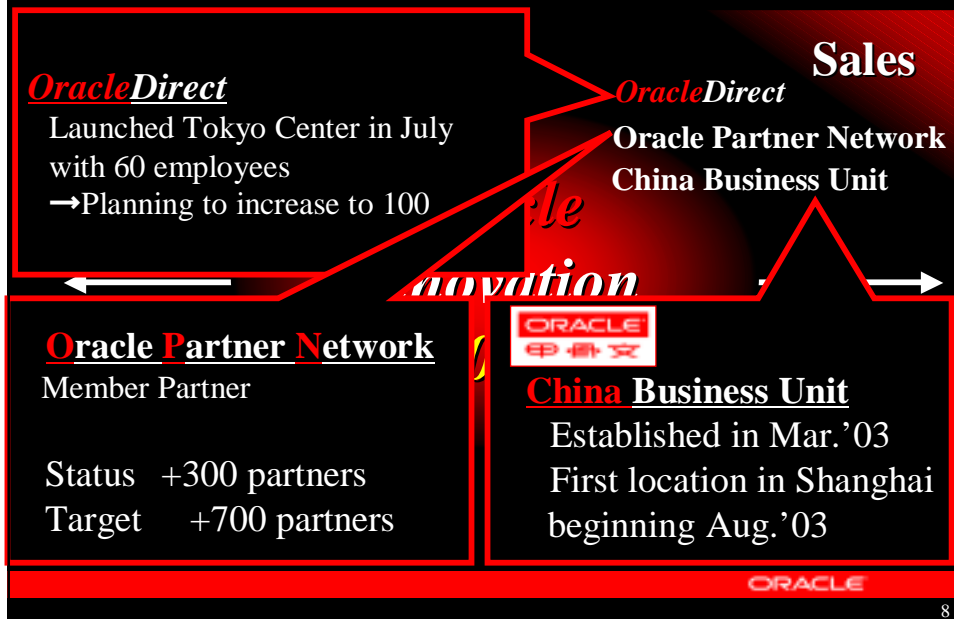
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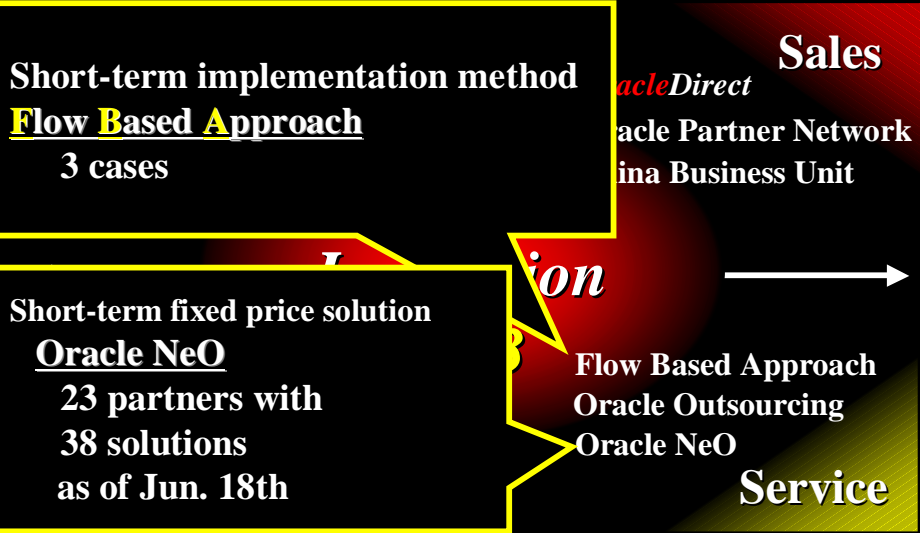
Status of Innovation 203 Key Initiatives



Status of Innovation 203 Key Initiatives



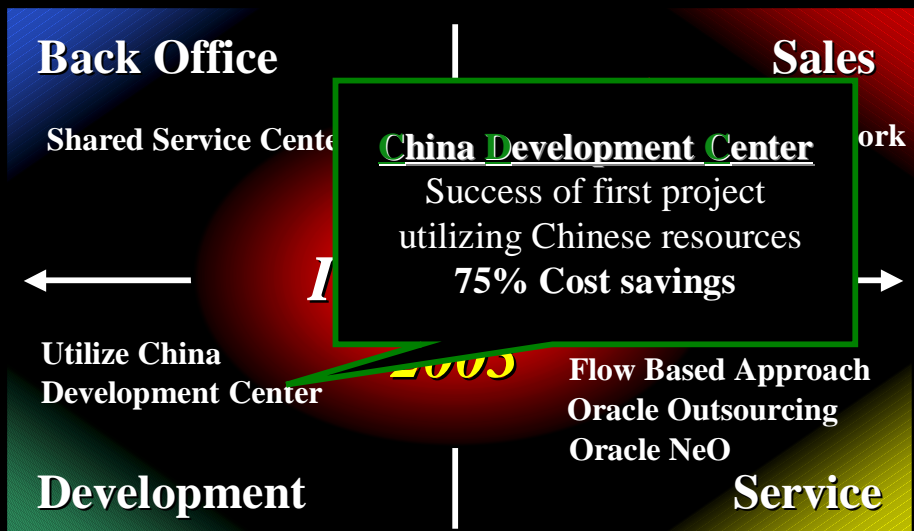
Status of Innovation 2003 Key Initiatives



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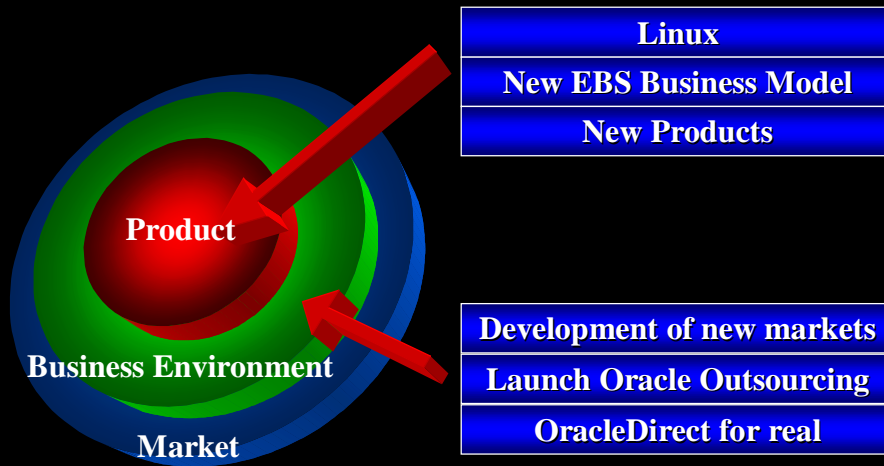
Status of Innovation 2003 Key Initiatives



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FY04 Action Plan



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Linux Strategy



Inaugural year of Linux Enterprise

Enterprise Platform with Linux

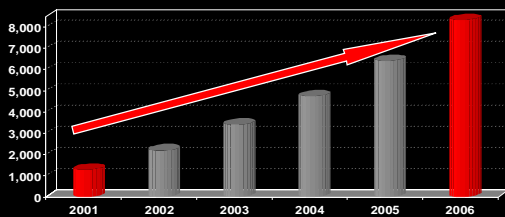
Shift to high-end market from small-medium size market

To be a mission critical system

Linux with all Oracle advantages

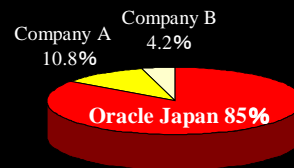
Target
CAGR 50%

Linux RDBMS Market forecast in Japan (revenue base) 2001-2006 CAGR 45.5%



Source: IDC Japan, Aug 2002

Linux share by RDBMS in Japan



Source: MIC Research Institute (FY2001)

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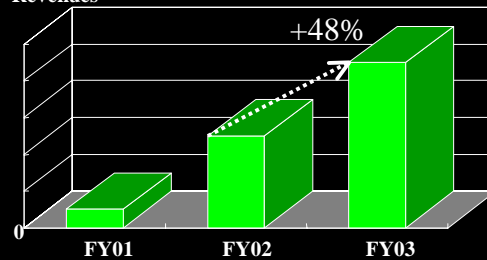
Miracle Linux

Strategic partner of Oracle Japan for Linux

Company Info.

Since Jun. 1st, 2001
 President Takeshi Sato
 Capital ¥400M
 Major stock holders:
 Oracle Japan 58.5%
 NEC 14%
 SunBridge 4%

Revenues



Mission

To be the most trusted company for "Linux" area with providing customer oriented high quality software product and professional services

Strategy of FY04

- Enterprise Linux (Oracle9i RAC/64bit)
- Expand professional services
- Market share 45% (37.2% in 2002)

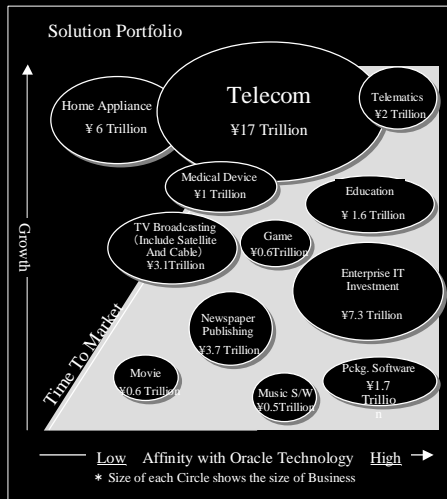
Source: IDC Japan, Feb 2003

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Pioneer New Markets

Established Advanced Solution Development Group



Market size
X

Growth Potential
X

Oracle technology
||

Create a new market

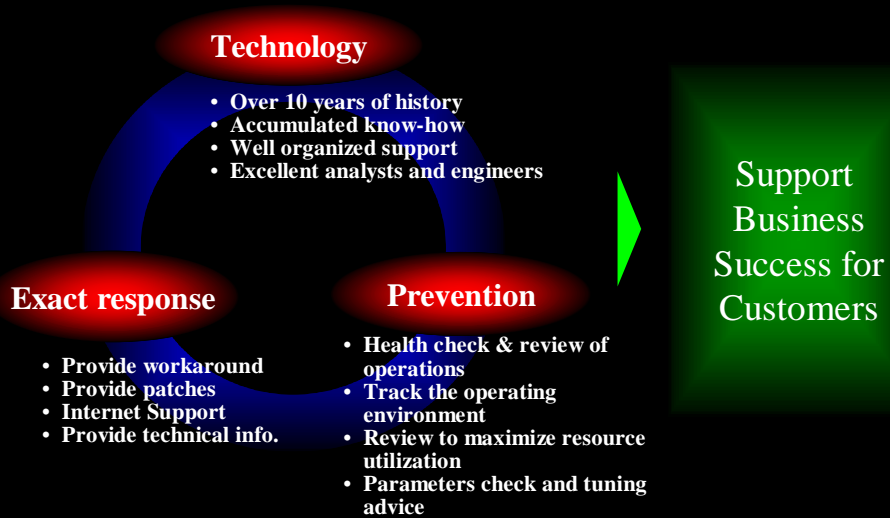
FY03 ¥2b FY04 ¥4.5b FY06 ¥10b

* Source: Oracle Japan's Estimation

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Oracle Outsourcing



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Reduce Outsourcing Costs by Changing EBS Business Model

Made-to-Order: SI model

Ready-made model



General Contractor
 Design & Estimation
 Procurement & Installation
 Expensive & Long Delivery term

Oracle's Role

Solution Architects
 Standardized Menu
 Provide customer guidance
 Clear Price and Short delivery term

AIM, fit&gap → Add-on

Tools

OracleNeO, FBA

Large Outsourcing Expense

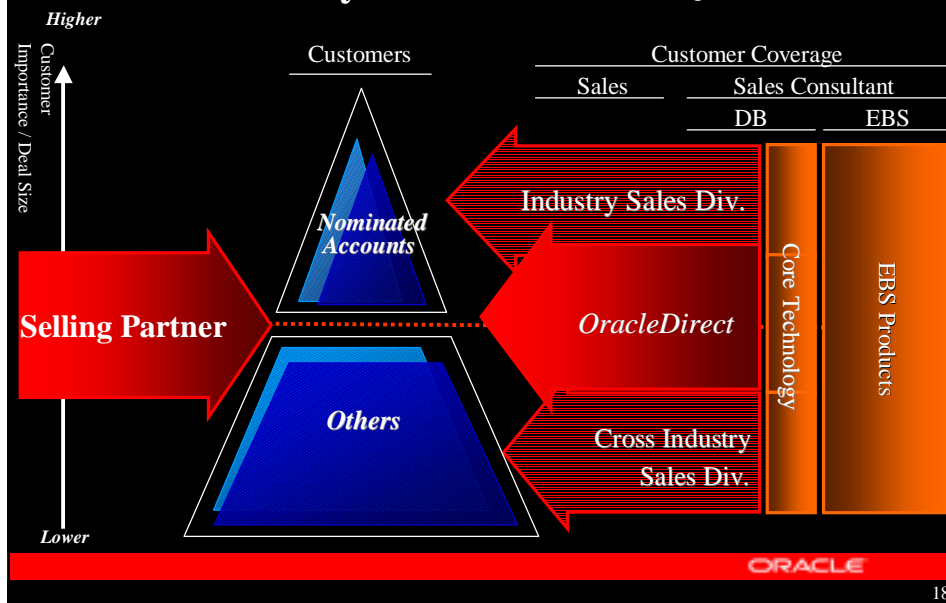
Effect

High Profit Margin

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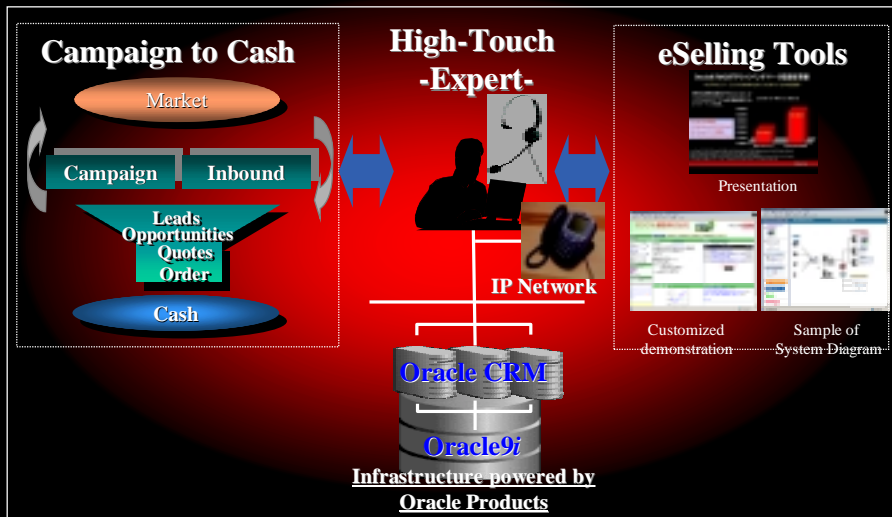
Innovate Business Process to Enhance Profitability – Increase Customer Coverage Base –



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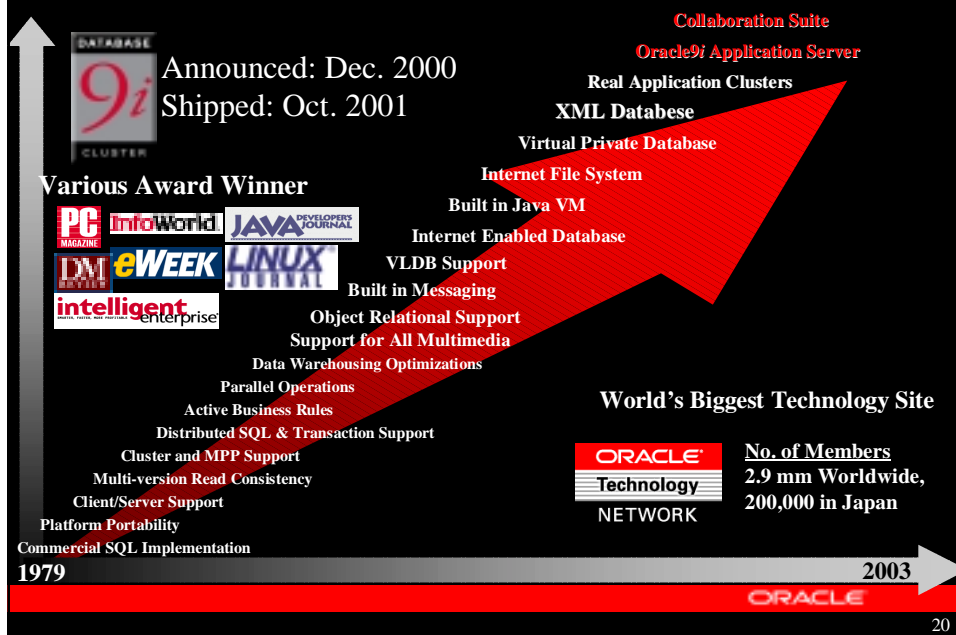
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Realizing "Systematic Selling" by OracleDirect



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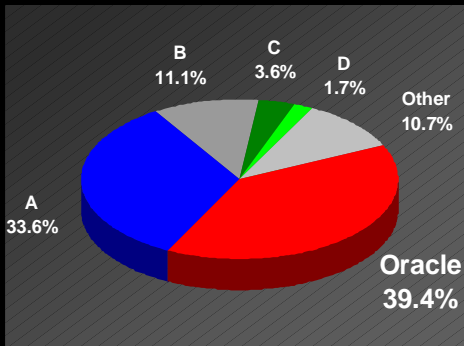
Oracle's 20 Years of Innovation



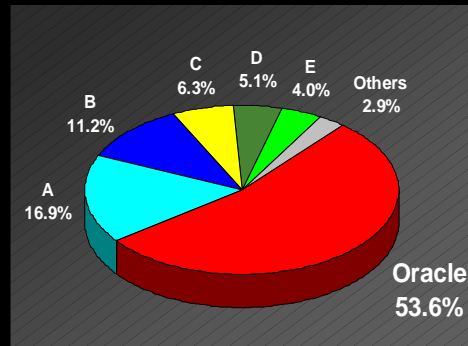
2002 RDBMS Revenue Market Share

Oracle is No.1 in RDBMS Market

Worldwide 2002



Japan 2002

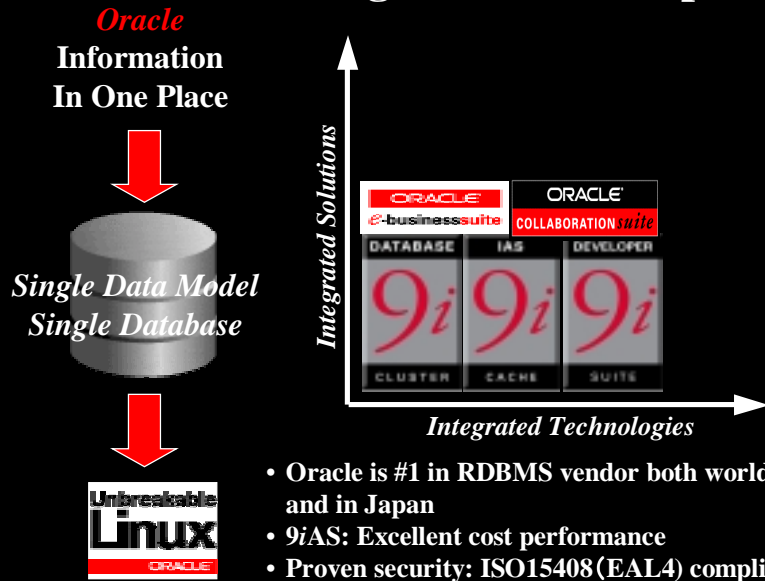


Source: IDC, March 2003, includes New Licenses and Upgrades
Source: IDC Japan, Preliminary July 2003

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Oracle's Advantage vs. The Competition



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NOTICE

This material may include predictions, estimates or other information which are not the historical facts. While these forward-looking statements represent our current judgment based on the available information at the release of this material, they are subject to risks and uncertainties that could cause actual results to differ materially.

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