

# EXHIBIT 42



UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

BEFORE THE HONORABLE PHYLLIS J. HAMILTON, JUDGE

ORACLE CORPORATION, ET AL.	)	
	)	NO. C 07-01658 PJH
PLAINTIFFS,	)	
	)	JURY TRIAL
VS.	)	VOLUME 2
	)	
SAP AG, ET AL.,	)	PAGES 297 - 479
	)	
DEFENDANTS.	)	OAKLAND, CALIFORNIA
	)	TUESDAY, NOVEMBER 2, 2010

(PAGES 297 THROUGH 312 ARE UNDER SEAL AND BOUND SEPARATELY)

TRANSCRIPT OF PROCEEDINGS

APPEARANCES:

FOR PLAINTIFFS:

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BY: STEVEN C. HOLTZMAN, ATTORNEY AT LAW

(APPEARANCES CONTINUED NEXT PAGE)

REPORTED BY: RAYNEE H. MERCADO, CSR NO. 8258

RAYNEE H. MERCADO, CSR, RMR, CRR, FCRR, CCRR (510) 451-7530

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(DEMONSTRATIVE PUBLISHED TO JURY.)

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MR. HOWARD: WE TALKED ABOUT THE MAINTENANCE SUPPORT

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FEEES THAT CUSTOMERS PAY. AND I TOLD YOU THAT MAINTENANCE WAS

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IMPORTANT BECAUSE THAT'S HOW ORACLE DEVELOPS THE SUPPORT FOR THE

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PRODUCTS AND BUILDS THE NEXT VERSION OF THE SOFTWARE. AND IT'S

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NOT A SMALL NUMBER. ORACLE INVESTS BILLIONS OF DOLLARS EVERY

1 YEAR INTO ITS PRODUCTS, BILLIONS OF DOLLARS EVERY YEAR INTO  
2 DEVELOPING ITS SOFTWARE. AND YOU CAN SEE THAT IT INCREASES THAT  
3 AMOUNT, \$3.3 BILLION THIS YEAR, \$4 BILLION IN THE NEXT FISCAL  
4 YEAR.

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ORACLE -- THE EVIDENCE WILL SHOW THAT ORACLE'S

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PURCHASE OF PEOPLESOFT WAS A RISK, AND IT WAS A VERY BIG

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DECISION FOR ORACLE. THEY PAID OVER \$11 BILLION FOR PEOPLESOFT.

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EVEN TO THIS DAY, YOU'LL HEAR THE LARGEST ACQUISITION THAT

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ORACLE HAS EVER MADE, AND THEY'VE MADE A FEW.

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PEOPLESOFT AT THE TIME WAS A COMPANY WITH ALMOST

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\$3 BILLION IN ANNUAL REVENUES. AND -- AND THIS IS VERY

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IMPORTANT -- PEOPLESOFT HAD ALMOST 10,000 CUSTOMERS. AND THE

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EVIDENCE WILL SHOW THAT THESE CUSTOMERS -- AND I'VE TALKED ABOUT

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THE MAINTENANCE FEES THAT THESE CUSTOMERS PAY, SO WHAT ORACLE IS

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GETTING FOR ITS \$11 BILLION IN PART IS THE 10,000 CUSTOMERS THAT

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PEOPLESOFT HAS, ALL OF THOSE CUSTOMERS PAYING MAINTENANCE FEES,

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ALL OF THOSE MAINTENANCE FEES ABLE TO BE USED TO PAY FOR THE

1 TRANSACTION, TO PAY FOR THE DEAL, AND TO INVEST IN NEW PRODUCT.

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Q. WE HAVE BEEN TALKING ABOUT DIFFERENT TYPES OF SOFTWARE.

WHAT KIND OF RESOURCES ARE REQUIRED TO DEVELOP THE ENTERPRISE APPLICATION SOFTWARE SUCH AS PEOPLESOFT OR J.D.?

A. VERY SUBSTANTIAL, MASSIVE. ORACLE'S RESEARCH AND DEVELOPMENT BUDGET FOR THIS FISCAL YEAR IS \$4 BILLION. WE ARE SPENDING \$4 BILLION BUILDING NEW PRODUCTS AND MAKING OUR EXISTING PRODUCTS BETTER.

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Q. YOU KNOW, YOU MENTIONED A \$4 BILLION RESEARCH AND DEVELOPMENT BUDGET. THAT'S A LOT OF MONEY. WHERE DOES ORACLE GET THAT MONEY TO DEVELOP AND CREATE ITS PRODUCTS?

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A. SO, AS I MENTIONED, WE HAVE 370,000 CUSTOMERS AROUND THE WORLD. NOW, THOSE CUSTOMERS, OF COURSE, HAVE PAID US MONEY TO HAVE THE RIGHT TO USE THAT SOFTWARE, BUT THEY ALSO SUBSCRIBE TO SUPPORT. SO THEY PAY US FOR SUPPORT.

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THEY PAY US AN ANNUAL FEE IN ORDER TO BE ABLE TO ASK US QUESTIONS, REPORT PROBLEMS, AND MOST IMPORTANTLY GET UPDATES TO THAT SOFTWARE. SO GET FIXES TO BUGS, GET NEW FUNCTIONALITY, YOU KNOW, GET INFORMATION FROM US ABOUT HOW TO USE THE SOFTWARE MORE EFFECTIVELY.

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Q. DO YOU HAVE PERSONAL EXPERIENCE WITH THE TYPE OF EFFORT REQUIRED TO DEVELOP ENTERPRISE APPLICATION SOFTWARE?

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1 A. YES. YES. I WAS A FOUNDING MEMBER OF ORACLE'S  
2 APPLICATION'S DIVISION. SO WHILE IT IS NOT DEPICTED ON THIS  
3 SCREEN, WE HAVE ANOTHER FAMILY OF PRODUCTS CALLED THE E  
4 BUSINESS SUITE.

5 SO I WAS ONE OF THE VERY FIRST EMPLOYEES THAT ORACLE  
6 HIRED TO ACTUALLY BUILD APPLICATIONS. SO WHAT I DID, I BUILT  
7 OUT TECHNOLOGY PIECES WHICH WERE THEN USED BY THE REST OF THE  
8 PROGRAMMERS TO BUILD OUT THE E BUSINESS SUITE.

9 I CAN TELL YOU, IT'S A VERY -- IT WAS A VERY  
10 DIFFICULT AND CHALLENGING PROCESS. I MEAN, WE HAD FOLKS ON  
11 STAFF WHO UNDERSTOOD THE BUSINESS PROBLEMS. THEY UNDERSTOOD  
12 GENERALLY WHAT THE FUNCTIONALITY NEEDED TO BE, BUT WE WERE  
13 LITERALLY STARTING WITH BLANK PIECES OF PAPER AND EMPTY  
14 SCREENS.

15 AND IT WAS A LOT OF WORK THAT STARTED OFF WITH TENS  
16 OF PEOPLE, THEN HUNDREDS OF PEOPLE, THEN THOUSANDS OF PEOPLE TO  
17 BE ABLE TO BUILD OUT THE E BUSINESS SUITE.

18 AND, YOU KNOW, AS I SAID BEFORE, IT WAS VERY  
19 ITERATIVE. I MEAN, IT WAS A PROCESS WHEREBY WE BUILT  
20 FUNCTIONALITY. WE TRIED IT OUT. WE GAVE IT TO CUSTOMERS.  
21 THEY SAID, THIS DOESN'T WORK FOR US. SO THAT MEANT WE HAD TO  
22 THROW SOME CODE AWAY AND START AGAIN.

23 THE GOOD NEWS IS THROUGH THAT ITERATION, WE WERE  
24 ABLE TO BUILD UP VERY COMPELLING OFFERING FOR CUSTOMERS, YOU  
25 KNOW, SOMETHING THAT HELPED THEM VERY MUCH. BUT THE BAD NEWS

1 IS IT TOOK A LONG TIME.

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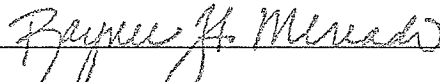
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CERTIFICATE OF REPORTER

WE, RAYNEE H. MERCADO AND DIANE E. SKILLMAN, OFFICIAL REPORTERS FOR THE UNITED STATES COURT, NORTHERN DISTRICT OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING PROCEEDINGS IN C07-01658PJH, ORACLE USA, INC., ET AL. V. SAP AG, ET AL., WERE REPORTED BY US ON, TUESDAY, NOVEMBER 2, 2010, CERTIFIED SHORTHAND REPORTERS, AND WERE THEREAFTER TRANSCRIBED UNDER MY DIRECTION INTO TYPEWRITING; THAT THE FOREGOING IS A FULL, COMPLETE AND TRUE RECORD OF SAID PROCEEDINGS AS BOUND BY ME AT THE TIME OF FILING.

THE VALIDITY OF THE REPORTER'S CERTIFICATION OF SAID TRANSCRIPT MAY BE VOID UPON DISASSEMBLY AND/OR REMOVAL FROM THE COURT FILE.



RAYNEE H. MERCADO, CSR, RMR, CRR, FCRR, CCRR



DIANE E. SKILLMAN, CSR, RPR, FCRR

WEDNESDAY, NOVEMBER 3, 2010