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From: Juan C. Jones [juan.jones@oracle.com]
Sent: Friday, May 12, 2006 2:07 AM
To: Yamilet Torres
Subject: Fw: READ -- FYI Haworth response to Oracle proposal]

Oracle Confidential - High SAP AG et al

Doc. 1206 Att. 9

Yamilet,

As per our conversation, please work with Ian/Saleem to assign temporary coverage for Haworth. We need to turn this account around and we need to do it fast.

Regards,

Juan

----- Original Message -----

From: kathleen lindsey

To: Chris Madsen ; Juan C. Jones

Sent: Thursday, May 11, 2006 4:22 PM

Subject: [Fwd: READ -- FYI Haworth response to Oracle proposal]

Chris/Juan,

As you know, Haworth has been a very challenging account to retain, despite our recent offer to provide concessions that would allow them to unshelve their applications over a 36 month period without paying standard reinstatement fees, giving them the existing discount on their remaining footprint, and providing a flatline. This has been a combined effort between Craig Tate's sales team and ours, and we are getting to a point where the customer may very well move to SAP, which will be a significant loss for Oracle.

When Craig notified Jeff Henley, he responded by stating that he agreed that we needed to try and salvage this account, and based on that HQApp agreed to our last submission for concessions. This has since been rejected by Haworth, so we are going to come back with another proposal, basically allowing them to reshelve with no reinstatement. Craig has agreed to take the revrec penalty if needed.

When we first spoke to Craig's team, I also mentioned that because there were concerns related to the relationship (or perceived lack thereof), and that license would probably not be able to sell into Haworth when all is said and done, that Support might be able to provide account management/support in lieu of continued Field License Sales presence during this period.

Craig agrees that this could be very beneficial in bringing forth a second proposal that demonstrates our commitment to this ongoing relationship in addition to the concessions we will seek approval for.

Would it be possible to put in place a support resource for a period of time to provide some level of account management and assistance as we work to re-build a relationship with this account? I realize this is exceptional, but this account will go away if we don't do something of high impact quickly.

Please let me know your thoughts so we can advise Craig.

Kathy

----- Original Message -----

Subject: READ -- FYI Haworth response to Oracle proposal

Date: Thu, 11 May 2006 13:35:11 -0600

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ORCL00272832

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA Case No. <u>4:07-cv-01658 PJH/EDL</u> DEFENDANT Exhibit No. <u>A-5995</u> Date Admitted: _____ By: _____ Nicole Heuerman, Deputy Clerk

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From: Shelley Moses-Reed <Shelley.Moses-Reed@oracle.com>

To: Craig Tate <craig.tate@oracle.com>

CC: jeff.henley@oracle.com, John Boucher <John.Boucher@oracle.com>, sean.smith@oracle.com, mike.schlimgen@oracle.com, "Lindsey,Kathleen" <KATHLEEN.LINDSEY@oracle.com>, "Steder,James" <JIM.STEDER@oracle.com>, chaluvadi.sridhar@oracle.com, "Tom Marth (E-mail)" <tom.marth@oracle.com>, "Colello,Mary Alice" <MARY.ALICE.COLELLO@oracle.com>

References: <200605111746.k4Bhk88i003140@rgmgw1.us.oracle.com>

Craig Tate wrote:

Jeff,

I don't know if you have had a chance to look at this yet or not. Since I sent this to you yesterday Haworth revised the date/time of their request for a meeting with their CEO to dinner on May 23.

Regards,

Craig

From: Craig Tate [mailto:craig.tate@oracle.com]

Sent: Wednesday, May 10, 2006 12:15 PM

To: jeff.henley@oracle.com; John Boucher

Cc: sean.smith@oracle.com; mike.schlimgen@oracle.com; Lindsey,Kathleen; Steder,James; chaluvadi.sridhar@oracle.com; Tom Marth (E-mail); Shelley Moses-Reed

Subject: FW: Haworth response to Oracle proposal

Jeff,

Haworth's response in email trail below, still not satisfied. Sorry to burden you with this, especially this time of year, but I am genuinely concerned about their defection to SAP and I am going to do everything I can think of to prevent that from happening. As a "quick" reminder, here are the demands they have made and our responses:

1. Reduce support to current level of consumption - 320 licenses of the 2800 they own.

Our response: wW gave them this - reduced their support this year from \$1.1m to \$250k

2. "Park" the rest of the licenses and reinstate when they turn them back on for no reinstatement or back support fees and at the current run rate (58% discount vs our policy of reverting to list less 25% std discount).

Our response: We waived reinstatement fee, but will charge them back support for the update-rights portion of support (68% of total support). We did agree to maintain their current discount vs re-pricing back support. It took me 3 attempts involving weeks of back and forth with support, hqapp, etc. not to mention your help(thanks!), to get the concession we did. Still not good enough in Haworth's opinion. Obviously this also represents a big revrec issue for those of us on the license side but I am beyond being concerned about our accounting/compensaton at this point and just trying to do the right thing.

3. Haworth must have better value in its go-forward agreements before it is willing to make additional licensing investments with Oracle (translation - at least a 75% discount on future purchases of any Orcl products for a 5 year period)

Our response: Table the future price hold discussion until the time is right and we will work with them then. If they "over-bought" so many licenses 5 years ago why should this be a concern? There is a separate tech deal on the table but no apps in the foreseeable future because of all the parked licenses we are talking about.

4. Haworth must improve the relationship with Oracle or none of the above may matter.

Our response: Agreed. We are executing a formal Customer Relationship Plan with the help of Shelley Moses-Reed's team and I have been pressing the new CIO since we met at the CIO Summit a couple of months ago that both companies need to work at this - including appropriate executive bridging and a relationship with Development (thru CAB's etc) which we has been sporadic in the past (as much their doing as ours). I hooked the CIO up with Steve Prinz of Pella at the summit - he is our gold standard when it comes to building a strong relationship with Oracle.

Jeff, I have taken this about as far as I can short of going back yet again to request all back-support waived and give them a carte blanche 75% price hold going forward. Looking for any advice you might have. In her response below Ann specifically requests a meeting next Thursday between their CEO and the "highest level deal authorized executive" at Oracle. Near as I can tell given what they are asking for - there are only 4 "deal authorized" executives at Oracle: yourself, Larry, Safra and Charles. I am not sure how realistic it is to expect one of the 4 of you to travel to Holland, MI and/or talk via phone directly to their CEO next Thursday but I at least want to make you aware of their request.

Thanks again for your support to-date, any further advice you have is greatly appreciated!

Regards,

Craig

From: Ann Harten Redacted
Sent: Wednesday, May 10, 2006 6:56 AM
To: Craig Tate; chaluvadi.sridhar@oracle.com; sean.smith@oracle.com
Cc: Randy Kortering
Subject: Haworth response to Oracle proposal

Craig,

We have reviewed and digested your proposal...and have also shared the outcome with the Executive staff at Haworth. We are quite disappointed by the outcome and believe that Oracle has fallen far short of our intended goals. It is our belief that Haworth, as a long standing and loyal Oracle customer, deserves to be provided with market optimized rates and world class customer service. Per my attached email and multiple other touch points, we have been quite clear that this is not the case.

In addition to the sub-optimal rate structure outlined in your proposal, we were disappointed to see that Oracle has seemingly ignored our request for long term, sustainable business value related to future price protection. It is also surprising that we will be charged for back maintenance on licenses for which you are granting an ability to 'park'. Paying 68% back maintenance is unacceptable. In our minds, we have pre-paid for this right for the past several years.

At this stage we are dis-inclined to continue negotiations. We have been quite clear and concise on our expectations and believe that we are requesting concessions that are readily available in the market. We are also now quite concerned that our ongoing business relationship is healthy enough to give confidence

that Oracle is a good long term partner for Haworth.

Our CEO, Franco Biancchi and I would like to meet with the highest level, deal authorized executives at Oracle. We have set aside a 2 hour window next Thursday from 10:00 AM to noon, here in Holland, MI. Please accept this invitation via return e-mail this week - by end of day Thursday May 11, 2006 with an indication of deal direction and attendees for that meeting. We need to see that Oracle is committed to addressing and correcting our issues.

Thank you

Ann M. Harten
VP Global Information Services
Haworth, Inc.
Redacted

From: Craig Tate [<mailto:craig.tate@oracle.com>]
Sent: Fri 5/5/2006 7:12 PM
To: Ann Harten; chaluvadi.sridhar@oracle.com; sean.smith@oracle.com
Cc: Randy Kortering
Subject: RE: Haworth and Oracle

Ann,

I called you on Wednesday to discuss, hopefully your exec assistant gave you the message.

I realize you were looking for some answers yesterday, but as you know these are very difficult issues and we have had to go through our internal approval process no less than 3 times this past week to reach agreement on our best/final position on your requests. We made significant progress today and I believe we will be in a position to provide you specifics early next week.

Our Chairman Jeff Henley has gotten directly involved so rest assured Haworth is getting the appropriate visibility and attention from Oracle. Please feel free to call me directly on my cell phone this weekend or any time next week at 513-703-4529.

Regards,

Craig

From: Ann Harten Redacted
Sent: Tuesday, May 02, 2006 4:51 PM
To: craig.tate@oracle.com; chaluvadi.sridhar@oracle.com; sean.smith@oracle.com
Cc: Randy Kortering
Subject: Haworth and Oracle

Craig,

I am most concerned that we are not making the hoped for progress in moving forward and actively improving the Haworth Oracle relationship. I thought it wise to bring to your attention a set of issues that require attention. I trust that you will take these 'on board' and bring the necessary energy to rapid resolution.

As you know, our license agreement is under negotiation. That said, there are some points worthy of attention.

1. Haworth must reduce its maintenance obligations to its current level of consumption
 - ◆ Haworth's current maintenance obligations are not reflective of the value it receives from the technology
 - ◆ Haworth must change the economic value equation in this relationship if it is to continue
 2. Haworth must be able to park and reinitiate its licensed assets with no penalties or back maintenance
 - ◆ OR must have the ability to acquire new licenses in dollar neutral ways if it is to abandon those investments
 3. Haworth must have better value in its go-forward agreements before it is willing to make additional licensing investments with Oracle
 - ◆ Haworth has provided deployment schedules for Order Management and Manufacturing
 - ◆ Haworth has provided detailed deployment plans for new modules, and new functionality required
 - ◆ Haworth is not compelled to continue to invest under current price holds for Applications and none for Technology
 4. Haworth must improve the relationship with Oracle or none of the above may matter
 - ◆ Haworth feels like it has been abandoned
 - ◆ Haworth feels like Oracle's actions are not supportive of its words
 - ◆ Haworth has expressed deep concerns regarding Tar support, Oracle professional services, etc.
- Haworth has thoroughly evaluated the competitive market and has very viable alternative solutions that will greatly reduce the amount of ongoing investments Haworth makes in Oracle from both an application and technology perspective.
- If Haworth cannot fully reconcile its four remaining outstanding issues, it will act in a way that enables it to optimize these investments with or without Oracle's assistance.
- Oracle has been 'working on an answer' for the last three weeks and has missed every deadline that Haworth has set forth in order to keep its business on schedule.
- Haworth has had executive and IT leadership strategic planning sessions to review global standards and now has real and viable alternatives. Haworth is further at a point now where it needs to make those decisions that will affect how Haworth makes those investments (and with whom) for the next 10 years.

I realize that this is rather strongly worded, but it is my nature to bring such an agenda forward, in plain view. Should Oracle wish to work with us and demonstrate a commitment to our success, please feel free to contact me immediately.

Ann M. Harten

VP Global Information Systems
Haworth Inc

Redacted

www.haworth.com

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