

PeopleSoft Announces Results for the Second Quarter of 2002

Revenue and Income In Line With Company Guidance

PeopleSoft, Inc. (Nasdaq: PSFT) today announced its second quarter 2002 results. For the quarter ended June 30, 2002, the Company recorded license revenue of US\$132 million and earnings per share from recurring operations of US\$0.14, consistent with the first quarter of 2002 and in line with the Company's guidance. Earnings per share from recurring operations were equal to the same quarter of the prior year. Second quarter operating income from recurring operations of US\$60 million improved 5 per cent over the same quarter of the prior year. Operating margins from recurring operations as a percentage of revenue improved to 12.4 per cent, from 10.5 per cent in the same quarter of last year.

The Company's cash and investment balances at June 30, 2002 were US\$1.8 billion. Cash flow from operations was US\$74 million for the quarter. Days Sales Outstanding (DSO) at June 30, 2002 was 60 days.

Management Commentary

"PeopleSoft delivered a solid financial performance in a tough economic environment," said PeopleSoft President and CEO Craig Conway. "We continue to demonstrate that PeopleSoft can navigate well in all market conditions and deliver predictable earnings."

"PeopleSoft's Pure Internet Architecture(tm) continues to be recognised as superior to our competition. PeopleSoft 8 Enterprise Applications are significantly more flexible, making integration easier and dramatically reducing the total cost of ownership," Conway said. "While the market remains challenging, PeopleSoft is winning proportionately more deals and gaining market share in all of our product lines."

Customer Wins

PeopleSoft won significant deals against its competitors in the second quarter. New and existing customers buying PeopleSoft enterprise applications included: ABN AMRO, BNP Paribas, CarMax Auto Superstores, Cingular Wireless, Dell, U.S. Department of Defence, Duke Energy, Educational Testing Services, The Longaberger Company, Mitsui & Co., Robert Half International, Societe Generale, Sprint, State of North Dakota, Sun Microsystems, Swiss Reinsurance Company, Sybase, Telstra Corporation, Toronto-Dominion Bank, Total Fina Elf S.A., United Nations Development Programme, University of Rochester, Verizon, Waste Management, and Winn-Dixie Stores.

Asia Pac Customers that purchased PeopleSoft solutions in the second quarter included: Suntec Data Systems Private Limited; Birlasoft Limited; eBIS Company Limited; Keppel FELS Limited; Hong Leong Assurance Berhad; Boeing Constructors Incorporated; Norske Skog Paper Mills (Australia) Limited and ING Financial Planning Limited.

Net Income Including Non-Recurring Items

The reported results for the second quarter of 2002 include a non-recurring acquisition-related charge of US\$8.7 million (no tax impact) for purchased in-process research and development. The inclusion of this non-recurring item in reported net income for the second quarter of 2002 decreases earnings per share by US\$0.03, from US\$0.14 to US\$0.11 per share. The reported results for the six months ended June 30, 2002 also include a non-recurring acquisition-related charge of US\$2.8 million (US\$1.7 million after-tax). The inclusion of these non-recurring items in reported net income for the six months ended June 30, 2002 decreases earnings per share by US\$0.03, from US\$0.28 to US\$0.25 per share. Reported results for the second quarter of 2001 included two non-recurring items; a favourable adjustment to existing restructuring reserves of US\$2.6 million (no tax impact) and an acquisition-related charge of US\$1.9 million (US\$1.2 million after-tax). The inclusion of these non-recurring items in reported net income for the second quarter of 2001 increased earnings per share by US\$0.01, from US\$0.14 to US\$0.15 per share. The inclusion of these non-recurring items in reported net income for the six months ended June 30, 2001 increased earnings per share by US\$0.01, from US\$0.26 to US\$0.27 per share.

About PeopleSoft

PeopleSoft (Nasdaq: PSFT) is the world's leading provider of application software for the real-time enterprise. PeopleSoft pure Internet software enables organizations to reduce costs and increase productivity by directly connecting customers, suppliers, partners and employees to business processes on-line, in real time. PeopleSoft's integrated, best-in-class applications include Customer Relationship Management, Supply Chain Management, Human Capital Management and Financial Management. More than 4,700 organizations in 140 countries run on PeopleSoft software. For more information, visit us at www.peoplesoft.com.

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