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### [Cushy landing for CEO in 2002 At \\$188 million, PeopleSoft package pampers executive](#)

- [Todd Wallack, Chronicle Staff Writer](#)  
Wednesday, April 30, 2003



Like many tech companies, PeopleSoft skidded through 2002.

The Pleasanton software firm's shares plummeted 53 percent. It earned \$182.6 million, down 5 percent from 2001. And sales tumbled 8 percent.

But Chief Executive Officer Craig Conway won a raise. Including options, PeopleSoft estimated his total package soared to \$188 million, quintuple his 2001 compensation, according to the company's proxy statement filed earlier this week.

"This is a pretty excessive compensation package," said Fred Whittlesey of Westward Pay Strategies Inc., a San Francisco firm that advises companies on executive pay.

PeopleSoft spokesman Steve Swasey declined to explain. "We don't have anything to add beyond the proxy," he said.

The package could further stoke complaints that CEOs aren't sharing investors' pain during the longest bear market since the Great Depression. A study by Equilar of San Mateo found that median CEO pay declined 9 percent to \$7 million last year at S&P 500 companies, despite widespread gripes that executive pay was wildly inflated during the boom.

As was true with many high-paid CEOs, most of Conway's pay was in stock and options.

Conway received \$14.6 million in restricted stock, up from zero in 2001. That's on top of options to buy 4.1 million shares, up from 1 million the year before. PeopleSoft estimated the options could be worth \$67 million to \$170 million, depending on how much the stock appreciates during the next decade.

"The guy is hedging his bets," said compensation expert Graef Crystal, a frequent critic of large pay packages. "If the stock goes up, he'll make a ton of money. If the stock goes down, then he can console himself with millions of dollars in restricted stock."

In its proxy, PeopleSoft said the grants were needed to "maintain Mr. Conway's compensation at a competitive level."

"In awarding these grants, the compensation committee considered . . . Mr. Conway's outstanding performance in leading PeopleSoft, the company's performance in 2002 and 2001 and an assessment of equity grants made to CEOs of other companies of similar size in the industry."

PeopleSoft's compensation committee consists of Ask Jeeves CEO Skip Battle, Read-Rite Chairman Cyril Yansouni and Symyx Technologies CEO Steven Goldby.

Conway's cash compensation actually fell 12 percent to \$2.9 million.

But Whittlesey pointed out that is still far higher than similar packages at other tech companies PeopleSoft's size. Even the head of Motorola -- which has sales 13 times bigger than PeopleSoft -- was paid less. "It's one of the highest cash compensation packages in the technology sector," he said.

Despite PeopleSoft's sharp stock drop, financial analyst Cameron Steele said he thinks PeopleSoft did about average or slightly better than its peers last year.

"It was a tough year," said Cameron Steele of RBC Capital Markets in San Francisco. Steele doesn't own stock in PeopleSoft, and his firm doesn't have any banking ties to the software company. "They had a solid performance given the circumstances."

But Crystal grouses: "There's nothing average about his pay."

And after combing through PeopleSoft's proxy, Whittlesey also said he found "a pattern of excessiveness in some of the details."

"It's no single number," he said, citing everything from the vesting schedule for his options to the board's reasoning for awarding him \$15 million in restricted stock.

Whittlesey also said he was disturbed by the size of PeopleSoft's options package -- worth 9 percent of its outstanding shares. Conway received more than anyone else, 14 percent of all the options awarded. "They gave away a big piece of the company."

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