

EXHIBIT 31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 0-20710

PeopleSoft.

PeopleSoft, Inc.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation or organization)*

68-0137069
*(I.R.S. Employer
Identification No.)*

4460 Hacienda Drive, Pleasanton, California 94588-8618
(Address of principal executive offices, Zip Code)

Registrant's telephone number, including area code: (925) 225-3000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered Pursuant to Section 12(g) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	Nasdaq
Preferred Share Purchase Rights	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein,

With these vendors and other technology and software partners, we have conducted several joint marketing and sales programs including seminars, direct mail campaigns and trade show appearances. Most of these companies have significantly greater financial and marketing resources than we have and while we benefit from these relationships, the relationships may change over time.

Software Product Development

We have made substantial investments in research and software product development. Our research and development staff consisted of 3,455 and 2,379 employees as of December 31, 2003 and 2002, respectively. Our total product development expense was \$433 million in 2003, \$341.2 million in 2002 and \$299 million in 2001. The J.D. Edwards merger provided additional development headcount carrying compensation and infrastructure costs and amortization of intangible assets for patented technology. We expect the 2004 expense to increase further as we will have a full twelve months as a combined company as compared to less than six months in 2003.

We believe that timely development of new software products, enhancements to existing software products and the acquisition of rights to sell or incorporate complementary technologies and products into our software product offerings is essential to maintain our competitive position in the market. The application software market is characterized by rapid technological change, frequent introductions of new products, changes in customer demand and rapidly evolving industry standards. We believe that software product development is most effectively and expeditiously accomplished by small teams comprised of relatively senior people who are focused on certain software product areas. Accordingly, our development organization is comprised of focused development groups assigned to each of the software products within our various software product areas. In addition, from time to time, we enter into development agreements with third parties.

Our current focus in application development is to continue to extend our software offerings by delivering enhanced functionality and to further develop new applications in our integrated application families of PeopleSoft Enterprise and PeopleSoft EnterpriseOne.

Intellectual Property and Proprietary Rights

We regard certain aspects of our operations, products and documentation as proprietary. We rely on a combination of patent, copyright, trademark and trade secret laws and other measures to protect our proprietary rights. We also rely on contractual restrictions in our agreements with customers, employees and others to protect our intellectual property rights. However, in certain foreign countries, effective copyright and trade secret protection may be unavailable or the laws of these other jurisdictions may not protect our proprietary technology rights to the same extent as the laws of the United States. Failure to obtain and/or maintain appropriate patent, copyright or trade secret protection either in the United States or in certain foreign countries, for any reason, may have a material adverse effect on our business, operating results and financial condition.

We currently hold United States patents on some of the technologies included in our products and we intend to continue to file patent applications. We believe that, because of the rapid pace of technological change in the computer software industry, factors such as the knowledge, ability and experience of our employees, frequent software product enhancements and the timeliness and quality of support services are key to our success. This success is also dependent, in part, upon our proprietary technology and other intellectual property rights.

We license software and technology from third parties, including some competitors, and incorporate them into our own software products, some of which are critical to the operation of our software.

The source code for PeopleSoft software products is protected both as a trade secret and as a copyrighted work. Some of our customers are beneficiaries of a source code escrow account arrangement which enables the customer to obtain a contingent future limited right to use our source code solely for the customer's internal

PEOPLESOFT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

J.D. Edwards & Company

Pursuant to an Amended and Restated Agreement and Plan of Merger with J.D. Edwards dated June 16, 2003, the Company acquired approximately 85% of the outstanding stock of J.D. Edwards on July 18, 2003 pursuant to an exchange offer and the remaining shares on August 29, 2003 pursuant to a merger. J.D. Edwards results have been included in the Company's results since July 18, 2003, and minority interest in net income has been recorded from July 18, 2003 through August 29, 2003.

J.D. Edwards offered enterprise software as well as consulting, education and support services. The Company's Board of Directors approved the offer and the merger and determined that the offer and the merger would provide the Company with increased breadth and depth across the Company's products, market segments and industry coverage. The Company's Board determined that J.D. Edwards' expertise in manufacturing and distribution applications would strengthen the Company's enterprise application suite. In addition, the Board determined that J.D. Edwards mid-market focused applications and AS/400 based solutions would be additive to the Company's Internet-based enterprise application suite.

In the exchange offer, holders of J.D. Edwards common stock were entitled to make an election to tender their shares for cash or shares of PeopleSoft stock and such holders were entitled to receive cash, stock, or a combination of cash and stock, in each case having a value, on a per share basis of \$7.05 plus 0.43 of a share of the Company's common stock, allocated by prorating cash and shares available in the exchange offer among the elections made by the holders. At the completion of the acquisition, a total of 124,108,566 shares of J.D. Edwards common stock were tendered and accepted for exchange by PeopleSoft.

The Company exchanged options to purchase J.D. Edwards common stock held by J.D. Edwards employees with options to purchase PeopleSoft common stock at a rate of 0.43 PeopleSoft share per J.D. Edwards share. Each exchanged PeopleSoft option retained the same vesting characteristics as the J.D. Edwards option it replaced and each J.D. Edwards option holder will receive \$7.05 per share upon exercise.

The aggregate purchase price was approximately \$2 billion, which consisted of approximately \$875 million in cash, \$959.6 million in PeopleSoft common stock and options (net of deferred compensation), \$95.5 million in restructuring costs (Note 6, "Restructuring Reserves") and \$27.3 million in deal costs and other incurred liabilities, which primarily consist of fees paid for legal, accounting and financial advisory services. A total of 53,366,059 PeopleSoft shares were issued in the transaction. The value of the stock issued to tendering J.D. Edwards shareholders was based upon the average of the closing prices of one share of the Company's common stock for a few days before and after the amended terms of the merger were agreed to and announced, which was \$17.22. The fair value of the Company's stock-based awards to employees was estimated using a Black-Scholes option pricing model. The fair value of the stock-based awards to employees was estimated assuming no expected dividends and the following weighted-average assumptions:

Expected life (in years)	1.90
Expected volatility	0.75
Risk free interest rate	1.86%

The intrinsic value allocated to the unvested J.D. Edwards options assumed in the exchange was approximately \$6.8 million and has been recorded as deferred compensation in the purchase price allocation. Option holders having options with strike prices of \$7.05 (J.D. Edwards pre-merger price) or less were given 0.43 shares of the Company's common stock plus \$7.05 less the exercise price and any applicable taxes, in order to retire these options. Approximately 5 million of the approximately 8.4 million options issued were fully vested.

In accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations," the Company allocated the purchase price to the tangible assets, deferred compensation, liabilities and intangible assets acquired, as well as in-process research and development, based on their estimated fair

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PEOPLESOFT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

values. The excess purchase price over the fair values was recorded as goodwill. The fair value assigned to intangible assets acquired was based on estimates and assumptions determined by management. The acquired goodwill was assigned entirely to the Company's North America segment. Purchased intangibles with finite lives are amortized on a straight-line basis over their respective useful lives. The total purchase price has initially been allocated as follows (in thousands):

Current assets	\$ 546,227
Property and equipment	75,790
Capitalized software	226,300
Goodwill	950,993
Intangible assets and other	532,610
Acquired IPR&D	14,500
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Total assets acquired	2,346,420
Current liabilities	(186,808)
Short-term deferred revenue	(69,953)
Long-term deferred revenues and other	(5,170)
Long-term deferred income taxes	(127,051)
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Total purchase price	\$1,957,438

The purchase price allocation is preliminary and a final determination of required purchase accounting adjustments will be made upon the completion of a final analysis of the total purchase cost primarily pending finalization of estimated involuntary termination and facility related costs.

None of the goodwill will be deductible for tax purposes.

In performing this preliminary purchase price allocation, the Company considered, among other factors, its intention for future use of the acquired assets, analyses of historical financial performance and estimates of future performance of J.D. Edwards' products. The fair value of intangible assets was primarily based on the income approach. The royalty savings approach and the cost approach were also utilized when appropriate. The rates utilized to discount the net cash flows to their present values were based upon the Company's weighted average cost of capital and range from 12% to 14%. These discount rates were determined after consideration of the Company's rate of return on debt capital and equity and the weighted average return on invested capital. Risks the Company identified and considered in this analysis included achieving anticipated levels of market acceptance and penetration, successful completion of various research and development efforts, market growth rates and risks related to the impact of potential changes in future target markets. At December 31, 2003, identifiable intangible assets purchased in the J. D. Edwards acquisition consisted of the following (in thousands, except for useful life):

Identifiable Intangible Assets	Gross Value	Accumulated Amortization	Useful Life
Capitalized software	\$226,300	\$20,087	5 years
Patented technology	60,300	5,261	5 years
Customer contracts and related relationships	105,600	6,611	7 years
Maintenance agreements and related relationships	305,500	15,386	8.7 years
Consulting contracts	5,800	5,800	3 months
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Balance December 31, 2003	\$703,500	\$53,145	6.9 years