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## As Hyperion Buys Back Stock, Insiders Sell Some Shares

Tuesday June 15, 1:28 PM EDT



NEW YORK (Dow Jones)--By all accounts, things are going well at Hyperion Solutions Corp. (HYSL). Sales have rebounded, a big acquisition has gone smoothly and the software company's stock has risen 30% so far this year.

The Sunnyvale, Calif., company said last month its board has earmarked \$75 million for stock repurchases - a typically bullish gesture. Hyperion, which has about \$340 million in cash, had just completed another buyback program, spending \$125 million buying its stock from July through March.

At the same time, however, several of the company's top executives were selling some of their holdings through prearranged trading programs. For example, Hyperion's chairman and chief executive, Jeffrey Rodek, has realized more than \$6 million from exercising options since July, including \$1.6 million last week.

Hyperion officials said the executive sales are for diversification and not related to the buybacks. Rodek, who has run the company since 1999,

said Hyperion executives set up their trading plans nearly two

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years ago, and Hyperion shares have risen sharply in the last five years.

"When I joined the company Nasdaq was above 2800 and our stock was at \$19. Today, Nasdaq is under 2000

and (Hyperion shares are) at \$38," he said. "So I'm not going to apologize to anyone on that."

Hyperion makes software used by finance departments to analyze data and is on track to generate \$600 million in revenue in the year ending June 30. Its shares, which hit a four-year high of \$44.25 on April 22, recently traded around \$40.

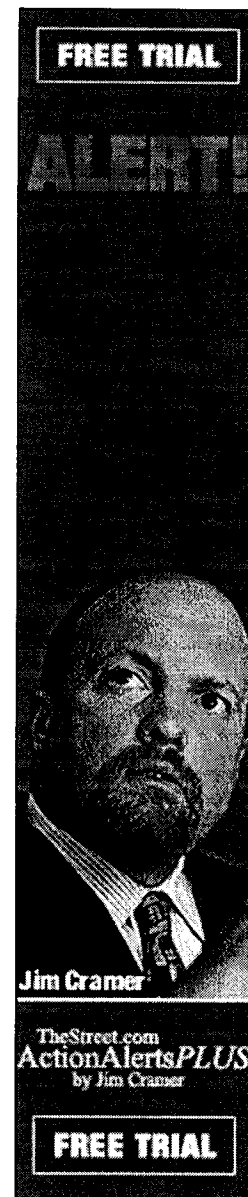
Rodek has sold about 400,000 shares in the past 12 months at prices ranging from \$26 to \$41, according to filings with the Securities and Exchange Commission. In the same period, Hyperion President Godfrey Sullivan has sold about 80,000 shares and Chief Financial Officer David Odell has sold about 31,500 shares.

These trades were handled by a brokerage firm according to a formula each executive established at the outset. By setting up automatic sales plans under rule 10b5-1 of the SEC, insiders can avoid questions about the timing of their sales.

Hyperion required its top five executives to adopt 10b5-1 plans as part of its governance policy, said Bob Schettino, vice president of communications. "It decouples individual personal activity with anything happening in the business," Schettino said. The executives "have no control over when the stock is exercised," he added.

Such programs are increasingly common at technology companies and it's not unusual for insiders to sell at the same time a company is repurchasing stock. But broad insider selling raises questions and undercuts the bullish message of a buyback program, some observers say.

"Seeing insiders selling quite a bit as the company is buying back shares mitigates the positive interpretation of the buyback," said Jonathan Moreland, research director for



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Others disagree, saying they expect technology executives to cash in some of their options. Nathan Schneiderman, software analyst at Wedbush Morgan Securities, said Hyperion executives are selling "reasonably small increments over a number of quarters or years." The analyst rates Hyperion at buy and he does not own shares. Wedbush Morgan has no banking relationship with the company.

Hyperion officials said the \$125 million buyback program was used offset the shares issued to acquire Brio Software. Under that program, Hyperion bought 3.8 million shares for an average price of \$32.95. The second program will spend \$75 million to offset option-related dilution and keep share count near 40 million, Rodek said. "We don't do (buybacks) to prop up the stock price," he added.

Rodek, who is paid a \$450,000 salary, said his sales are intended to diversify his personal wealth, including stock options he was granted when he joined the company in October 1999. The former Ingram Micro Inc. (IM) executive was given options to purchase 1.1 million shares at a price of \$19.06 each when he took the Hyperion job. Rodek has now exercised about two thirds of that award. As of June 8, Rodek directly owned about 184,000 Hyperion shares, including restricted shares, SEC documents show.

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Dow Jones Newswires  
06-15-04 1328ET

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