

I2 TECHNOLOGIES INC  
Form 10-Q  
August 14, 2002  
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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 10-Q**

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

**For the quarterly period ended June 30, 2002**

or

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 0-28030**

**i2 Technologies, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

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

**75-2294945**  
(I.R.S. Employer Identification No.)

**One i2 Place**  
**11701 Luna Road**  
**Dallas, Texas**  
(Address of principal executive offices)

**75234**  
(Zip code)

**(469) 357-1000**  
(Registrant's telephone number, including area code)

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

As of August 7, 2002 the Registrant had 431,045,733 shares of \$0.00025 par value Common Stock outstanding.

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**i2 TECHNOLOGIES, INC.**

**QUARTERLY REPORT ON FORM 10-Q**

**June 30, 2002**

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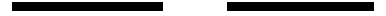
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**i2 TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS UNAUDITED**  
**June 30, 2002 and December 31, 2001**  
(In thousands, except par value)

|   | <u>June 30,<br/>2002</u> | <u>December 31,<br/>2001</u> |
|---|--------------------------|------------------------------|
| <b>ASSETS</b>   |                          |                              |
| Current assets:   |                          |                              |
| Cash and cash equivalents   | \$ 440,267               | \$ 538,218                   |
| Short-term investments, at fair value   | 91,564                   | 187,977                      |
| Accounts receivable, net of allowance for doubtful accounts of \$31,678 and \$50,286                              | 71,037                   | 140,246                      |
| Deferred income taxes, prepaids and other current assets  | 26,289                   | 95,373                       |
|   | <u>629,157</u>           | <u>961,814</u>               |
| <b>Total current assets</b>   | <b>629,157</b>           | <b>961,814</b>               |
| Premises and equipment, net   | 101,068                  | 129,475                      |
| Long-term investments, at fair value  | 87,589                   | 28,209                       |
| Deferred income taxes and other assets  | 266                      | 564,768                      |
| Identified intangible assets and goodwill, net  | 79,862                   | 106,771                      |
|   | <u>897,942</u>           | <u>1,791,037</u>             |
| <b>Total assets</b>   | <b>\$ 897,942</b>        | <b>\$ 1,791,037</b>          |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>  |                          |                              |
| Current liabilities:  |                          |                              |
| Accounts payable  | \$ 42,686                | \$ 43,681                    |
| Accrued liabilities   | 151,655                  | 230,037                      |
| Accrued compensation and related expenses   | 49,297                   | 62,176                       |
| Deferred revenue  | 131,758                  | 151,624                      |
|   | <u>375,396</u>           | <u>487,518</u>               |
| <b>Total current liabilities</b>  | <b>375,396</b>           | <b>487,518</b>               |
| Other long-term liabilities   | 13                       | 345                          |
| Long-term debt  | 410,930                  | 410,930                      |
|   | <u>786,339</u>           | <u>898,793</u>               |
| <b>Total liabilities</b>  | <b>786,339</b>           | <b>898,793</b>               |
| Commitments and contingencies   |                          |                              |
| Stockholders' equity:   |                          |                              |
| Preferred stock, \$0.001 par value, 5,000 shares authorized, none issued  |                          |                              |
| Series A junior participating preferred stock, \$0.001 par value, 2,000 shares authorized, none issued            |                          |                              |
| Common stock, \$0.00025 par value, 2,000,000 shares authorized, 431,057 and 424,253 shares issued and outstanding | 108                      | 106                          |
| Additional paid-in capital  | 10,372,026               | 10,353,602                   |
| Accumulated other comprehensive income (loss)   | (3,138)                  | 3,757                        |
| Accumulated deficit   | (10,257,393)             | (9,465,221)                  |
|   | <u>111,603</u>           | <u>892,244</u>               |
| <b>Total stockholders' equity</b>   | <b>111,603</b>           | <b>892,244</b>               |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 897,942</b>        | <b>\$ 1,791,037</b>          |



See accompanying notes to condensed consolidated financial statements.

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**i2 TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS UNAUDITED**  
**For the Three and Six Months Ended June 30, 2002 and 2001**  
**(In thousands, except per share data)**

|  | Three Months Ended<br>June 30, |                     | Six Months Ended<br>June 30, |                       |
|--|--------------------------------|---------------------|------------------------------|-----------------------|
|  | 2002                           | 2001                | 2002                         | 2001                  |
| Revenues:  |                                |                     |                              |                       |
| Software licenses  | \$ 26,105                      | \$ 105,826          | \$ 84,720                    | \$ 316,958            |
| Services   | 47,330                         | 91,210              | 108,183                      | 192,097               |
| Maintenance  | 46,163                         | 52,183              | 95,109                       | 104,386               |
| <b>Total revenues</b>                                      | <b>119,598</b>                 | <b>249,219</b>      | <b>288,012</b>               | <b>613,441</b>        |
| Costs and expenses:  |                                |                     |                              |                       |
| Cost of revenues:  |                                |                     |                              |                       |
| Cost of software licenses                                  | 1,327                          | 18,416              | 17,584                       | 40,227                |
| Amortization of acquired technology                        | 6,501                          | 12,909              | 14,223                       | 25,167                |
| Cost of services and maintenance                           | 59,224                         | 92,909              | 119,202                      | 183,658               |
| Sales and marketing  | 62,664                         | 145,977             | 125,561                      | 286,606               |
| Research and development                                   | 50,542                         | 71,371              | 106,547                      | 146,607               |
| General and administrative                                 | 19,755                         | 27,958              | 40,098                       | 57,657                |
| Amortization of intangibles                                | 3,232                          | 762,608             | 6,464                        | 1,519,308             |
| Write-off of acquired in-process research and development  |                                |                     |                              | 4,700                 |
| Restructuring charges and adjustments                      | (2,114)                        | 33,000              | (2,371)                      | 33,000                |
| <b>Total costs and expenses</b>                            | <b>201,131</b>                 | <b>1,165,148</b>    | <b>427,308</b>               | <b>2,296,930</b>      |
| <b>Operating loss</b>                                      | <b>(81,533)</b>                | <b>(915,929)</b>    | <b>(139,296)</b>             | <b>(1,683,489)</b>    |
| Other income (expense), net:                               |                                |                     |                              |                       |
| Interest income  | 4,202                          | 9,490               | 8,791                        | 21,555                |
| Interest expense   | (5,745)                        | (5,736)             | (11,566)                     | (10,410)              |
| Realized gains (losses) on investments, net                | (1,270)                        | (5,681)             | 4,262                        | (23,910)              |
| Foreign currency hedge and transaction gains (losses), net | (1,218)                        | 342                 | (1,612)                      | (1,817)               |
| Other  | (416)                          | (685)               | (870)                        | (1,225)               |
| <b>Total other income (expense), net</b>                   | <b>(4,447)</b>                 | <b>(2,270)</b>      | <b>(995)</b>                 | <b>(15,807)</b>       |
| <b>Loss before income taxes</b>                            | <b>(85,980)</b>                | <b>(918,199)</b>    | <b>(140,291)</b>             | <b>(1,699,296)</b>    |
| Income tax expense (benefit)                               | 671,433                        | (57,325)            | 651,881                      | (64,271)              |
| <b>Net loss</b>  | <b>\$ (757,413)</b>            | <b>\$ (860,874)</b> | <b>\$ (792,172)</b>          | <b>\$ (1,635,025)</b> |
| Loss per common share:                                     |                                |                     |                              |                       |
| Basic  | \$ (1.77)                      | \$ (2.08)           | \$ (1.86)                    | \$ (3.99)             |
| Diluted  | \$ (1.77)                      | \$ (2.08)           | \$ (1.86)                    | \$ (3.99)             |
| Weighted-average common shares outstanding:                |                                |                     |                              |                       |
| Basic  | 428,676                        | 412,937             | 426,689                      | 409,517               |

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|                     |              |              |              |         |
|---------------------|--------------|--------------|--------------|---------|
| Diluted             | 428,676      | 412,937      | 426,689      | 409,517 |
| Comprehensive loss: |              |              |              |         |
| Net loss            | \$ (757,413) | \$ (860,874) | \$ (792,172) |         |