

I2 TECHNOLOGIES INC
Form 10-Q
November 15, 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 September 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 November 5, 2002 the Registrant had 432,824,073 shares of \$0.00025 par value Common Stock outstanding.

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QUARTERLY REPORT ON FORM 10-Q
September 30, 2002

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

	<u>September 30, 2002</u>	<u>December 31, 2001</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 419,411	\$ 538,218
Short-term investments, at fair value	64,950	187,977
Accounts receivable, net of allowance for doubtful accounts of \$28,879 and \$50,286	52,295	140,246
Deferred income taxes, prepaids and other current assets	25,168	95,373
	<u>561,824</u>	<u>961,814</u>
Total current assets	561,824	961,814
Premises and equipment, net	92,322	129,475
Long-term investments, at fair value	42,311	28,209
Deferred income taxes and other assets	265	564,768
Intangible assets and goodwill, net	26,019	106,771
	<u>722,741</u>	<u>1,791,037</u>
Total assets	\$ 722,741	\$ 1,791,037
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 32,933	\$ 43,681
Accrued liabilities	200,535	230,037
Accrued compensation and related expenses	41,788	62,176
Current portion of long-term debt	60,930	
Deferred revenue	123,697	151,624
	<u>459,883</u>	<u>487,518</u>
Total current liabilities	459,883	487,518
Other long-term liabilities	13	345
Long-term debt	350,000	410,930
	<u>809,896</u>	<u>898,793</u>
Total liabilities	809,896	898,793
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, 431,624 and 424,253 shares issued and outstanding	108	106
Additional paid-in capital	10,372,319	10,353,602
Accumulated other comprehensive income (loss)	(3,079)	3,757
Accumulated deficit	(10,456,503)	(9,465,221)
	<u>(87,155)</u>	<u>892,244</u>
Net stockholders' equity	(87,155)	892,244
Total liabilities and stockholders' equity	\$ 722,741	\$ 1,791,037

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 Nine Months Ended September 30, 2002 and 2001
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Revenues:				
Software licenses	\$ 30,376	\$ 67,997	\$ 115,096	\$ 384,955
Services	43,348	82,105	152,995	274,202
Maintenance	40,895	50,953	134,540	155,339
Total revenues	114,619	201,055	402,631	814,496
Costs and expenses:				
Cost of revenues:				
Cost of software licenses	3,093	11,693	20,677	51,920
Amortization of acquired technology	4,061	13,757	18,284	38,924
Cost of services and maintenance	54,499	75,337	173,701	258,995
Sales and marketing	40,129	106,540	165,690	393,146
Research and development	47,752	69,675	154,299	216,282
General and administrative	16,431	26,087	56,529	83,744
Amortization of intangibles	3,186	763,630	9,650	2,282,938
Write-off of acquired in-process research and development		8,000		12,700
Impairment of intangibles	46,233	4,740,519	46,233	4,740,519
Restructuring charges and adjustments	89,390	22,465	87,019	55,465
Total costs and expenses	304,774	5,837,703	732,082	8,134,633
Operating loss	(190,155)	(5,636,648)	(329,451)	(7,320,137)
Other income (expense), net:				
Interest income	2,918	8,356	11,708	29,911
Interest expense	(5,810)	(5,869)	(17,376)	(16,279)
Realized gains (losses) on investments, net	(2,486)	(45,169)	1,776	(69,079)
Foreign currency hedge and transaction gains (losses), net	(901)	(394)	(2,513)	(2,211)
Other	(551)	(630)	(1,420)	(1,855)
Total other income (expense), net	(6,830)	(43,706)	(7,825)	(59,513)
Loss before income taxes	(196,985)	(5,680,354)	(337,276)	(7,379,650)
Income tax expense (benefit)	2,125	(154,025)	654,006	(218,296)
Net loss	\$ (199,110)	\$ (5,526,329)	\$ (991,282)	\$ (7,161,354)
Loss per common share:				
Basic	\$ (0.46)	\$ (13.25)	\$ (2.32)	\$ (17.41)
Diluted	\$ (0.46)	\$ (13.25)	\$ (2.32)	\$ (17.41)
Weighted-average common shares outstanding:				