

I2 TECHNOLOGIES INC
Form 10-Q
August 14, 2003
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2003

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.)

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**One i2 Place
11701 Luna Road**

**75234
(Zip code)**

Dallas, Texas

(Address of principal executive offices)

(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 x No "

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes x No "

As of August 1, 2003 the Registrant had 432,853,021 shares of \$0.00025 par value Common Stock outstanding.

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i2 TECHNOLOGIES, INC.

QUARTERLY REPORT ON FORM 10-Q

June 30, 2003

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	June 30,	December 31,
	2003	2002
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 313,640	\$ 402,177
Restricted cash	10,923	12,052
Short-term investments, at fair value	5,000	10,000
Accounts receivable, net of allowance for doubtful accounts of \$7,370 and \$10,368	39,664	45,764
Deferred contract costs	11,251	14,332
Other current assets	28,292	32,721
	<u> </u>	<u> </u>
Total current assets	408,770	517,046
Long-term investments, at fair value	25,042	33,016
Premises and equipment, net	38,541	59,814
Intangible assets, net	5,741	7,223
Goodwill	16,566	15,854
Other assets	48	270
	<u> </u>	<u> </u>
Total assets	<u>\$ 494,708</u>	<u>\$ 633,223</u>
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Accounts payable	\$ 18,812	\$ 24,176
Accrued liabilities	80,160	137,931
Accrued compensation and related expenses	28,455	40,663
Deferred tax liabilities	2,348	2,246
Current portion of long-term debt		60,930
Deferred revenue	266,206	319,292
	<u> </u>	<u> </u>
Total current liabilities	395,981	585,238
Non-current deferred tax liabilities	23	10
Long-term debt	356,800	350,000
	<u> </u>	<u> </u>
Total liabilities	752,804	935,248
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.001 par value, 5,000 shares authorized, none issued		

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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, 432,853 shares issued and outstanding	108	108
Additional paid-in capital	10,378,642	10,378,747
Deferred compensation	(2,700)	(3,563)
Accumulated other comprehensive loss	(1,776)	(2,601)
Accumulated deficit	(10,632,370)	(10,674,716)
Net stockholders' deficit	(258,096)	(302,025)
Total liabilities and stockholders' deficit	\$ 494,708	\$ 633,223

See accompanying notes to condensed consolidated financial statements.

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	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2003	2002	2003	2002
		(As restated,		(As restated,
		see note 2)		see note 2)
Revenues:				
Software licenses	\$ 17,271	\$ 18,907	\$ 36,419	\$ 45,371
Contract	30,525	71,846	96,407	166,759
Services	39,605	34,147	78,178	77,023
Maintenance	34,593	37,590	68,938	75,867
Total revenues	121,994	162,490	279,942	365,020
Costs and expenses:				
Cost of revenues:				
Software licenses	2,570	(2,625)	2,853	1,705
Contract	5,445	32,321	18,863	67,920
Amortization of acquired technology	145	5,411	289	12,042
Services and maintenance	48,147	29,644	84,921	67,989
Sales and marketing	23,478	63,341	51,929	126,214
Research and development	15,872	49,152	31,848	104,069
General and administrative	23,617	20,455	37,994	38,509
Amortization of intangibles	39	3,616	462	7,232
Restructuring charges and adjustments	123	(61)	376	69
Total costs and expenses	119,436	201,254	229,535	425,749
Operating income (loss)	2,558	(38,764)	50,407	(60,729)
Other income (expense), net:				
Interest income	1,485	4,202	3,135	8,791
Interest expense	(5,473)	(5,745)	(11,240)	(11,566)
Realized gains (losses) on investments, net		(1,270)		4,262
Foreign currency hedge and transaction losses, net	(184)	(1,218)	(593)	(1,612)
Gain on early repayment of debt obligation	3,435		3,435	
Other	(769)	(421)	(1,262)	(880)
Total other income (expense), net	(1,506)	(4,452)	(6,525)	(1,005)
Income (loss) before income taxes	1,052	(43,216)	43,882	(61,734)
Income tax expense (benefit)	38	893,358	1,536	887,084
Net income (loss)	\$ 1,014	\$ (936,574)	\$ 42,346	\$ (948,818)
Net Income (loss) per common share:				
Basic	\$ 0.00	\$ (2.18)	\$ 0.10	\$ (2.22)

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Diluted	\$ 0.00	\$ (2.18)	\$ 0.09	\$ (2.22)
Weighted-average common shares outstanding:				
Basic	432,878	428,676	432,868	426,689
Diluted	462,315	428,676	468,163	426,689
Comprehensive income (loss):				
Net income (loss)	\$ 1,014	\$ (936,574)	\$	