

I2 TECHNOLOGIES INC
Form DEF 14A
April 28, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

i2 Technologies, Inc.

(Name of Registrant as Specified in Its Charter)

Edgar Filing: I2 TECHNOLOGIES INC - Form DEF 14A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.

Edgar Filing: I2 TECHNOLOGIES INC - Form DEF 14A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

i2 TECHNOLOGIES, INC.

One i2 Place

11701 Luna Road

Dallas, Texas 75234

April 28, 2008

Dear Stockholder:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of i2 Technologies, Inc., which will be held at the Center of Excellence at One i2 Place, 11701 Luna Road, Dallas, Texas 75234 on May 29, 2008 at 3:00 p.m. (Central Time).

Details of the business to be conducted at this meeting are given in the attached Notice of Annual Meeting of Stockholders and proxy statement.

After careful consideration, our Board of Directors has approved the proposals set forth in the proxy statement and recommends that you vote for such proposals.

In our efforts to reduce costs and be more efficient in our investor relations, we offer electronic voting and delivery of stockholder materials via the Internet. As a stockholder, you can help us save costs by voting electronically or by giving your consent for electronic delivery of stockholder materials. You may also vote your shares by telephone or by signing, dating and returning the enclosed proxy promptly in the accompanying reply envelope. Representation of your shares at the meeting is very important. Accordingly, whether or not you plan to attend the meeting, we urge you to submit your proxy promptly by one of the methods offered. If you later wish to change your proxy vote, you may do so by revoking your proxy or voting in person at the meeting.

We look forward to seeing you at the Annual Meeting.

Sincerely,

Pallab K. Chatterjee

Interim Chief Executive Officer

YOUR VOTE IS IMPORTANT

In order to assure your representation at this meeting, you are requested to vote your shares by telephone, by the Internet or by completing, signing and dating the enclosed proxy as promptly as possible and returning it in the enclosed envelope. No postage need be affixed if mailed in the United States.

i2 TECHNOLOGIES, INC.

One i2 Place

11701 Luna Road

Dallas, Texas 75234

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 29, 2008

To the Stockholders of i2 Technologies, Inc.:

The 2008 Annual Meeting of Stockholders of i2 Technologies, Inc. will be held at the Center of Excellence at One i2 Place, 11701 Luna Road, Dallas, Texas 75234 on May 29, 2008 at 3:00 p.m. (Central Time) for the following purposes:

1. To elect three Class II directors to serve until the annual stockholders meeting in 2011, and until their respective successors have been duly elected and qualified.

2. To act upon such other business as may properly come before this meeting or any adjournment or postponement thereof. Only stockholders of record at the close of business on April 2, 2008 are entitled to notice of and to vote at this meeting. A list of stockholders entitled to vote at this meeting will be available for inspection at our offices. Whether or not you plan to attend this meeting in person, please vote your shares by telephone, by the Internet or by signing, dating and returning the enclosed proxy promptly in the accompanying reply envelope. The prompt submission of your proxy by one of the three methods offered will assist us in preparing for this meeting.

You may revoke your proxy in the manner described in the accompanying proxy statement at any time before it has been voted at the meeting. It may be possible for you to vote in person at the meeting even if you have returned a proxy. Please review the proxy statement for more information.

By Order of the Board of Directors,

John Harvey

Secretary

April 28, 2008

i2 TECHNOLOGIES, INC.

One i2 Place

11701 Luna Road

Dallas, Texas 75234

PROXY STATEMENT

These proxy materials and the enclosed proxy card are being mailed in connection with the solicitation of proxies by the Board of Directors of i2 Technologies, Inc., a Delaware corporation, for the 2008 Annual Meeting of Stockholders to be held on May 29, 2008 at 3:00 p.m. (Central Time), and at any adjournment or postponement thereof, at the Center of Excellence at One i2 Place, 11701 Luna Road, Dallas, Texas 75234. These proxy materials are expected to be first mailed to stockholders of record beginning on or about April 28, 2008.

Purpose of the Meeting

The specific proposals to be considered and acted upon at this meeting are summarized in the accompanying Notice of Annual Meeting of Stockholders. The proposals are described in more detail in this proxy statement.

Voting Rights and Solicitation

The cost of soliciting proxies will be paid by us and may include reimbursement paid to brokerage firms and others for their expense in forwarding solicitation materials as well as the expense of preparing, assembling, photocopying and mailing this proxy statement. Solicitation will be made primarily through the use of the mail; however, our regular employees may, without additional remuneration, solicit proxies personally by telephone or Internet e-mail.

A copy of our 2007 annual report to stockholders on Form 10-K has been mailed concurrently with the mailing of the Notice of Annual Meeting of Stockholders and this proxy statement to all stockholders entitled to notice of, and to vote at, this meeting. The annual report is not incorporated into this proxy statement and is not considered proxy solicitation material.

We have fixed April 2, 2008 as the record date for determining those stockholders who are entitled to notice of, and to vote at, this meeting. Only holders of record of our common stock, par value \$0.00025 per share, and our 2.5% Series B Convertible Preferred Stock at the close of business on the record date will be entitled to vote at the Annual Meeting or any adjournment or postponement thereof. At the close of business on the record date, 21,455,158 shares of our common stock were outstanding and 106,614 shares of our Series B preferred stock were outstanding. All of our outstanding shares of Series B preferred stock were held of record by R² Top Hat, Ltd., an affiliate of Q Investments.

The holders of our common stock and our Series B preferred stock will vote together as a single class on each of the proposals described in this proxy statement. Each share of our common stock is entitled to one vote. Each share of our Series B preferred stock is entitled to 43.1965 votes (that number equal to the number of shares of common stock into which one share of Series B preferred stock could have been converted on the record date). Accordingly, the holder of our Series B preferred stock is entitled to 4,605,351 votes in the aggregate, or approximately 17.7% of all votes eligible to be cast at the Annual Meeting.

As of April 2, 2008, our directors and executive officers beneficially owned an aggregate of approximately 5,797,424 shares of our common stock, not including shares of common stock issuable upon exercise of outstanding stock options, constituting approximately 27.0% of the shares of common stock outstanding as of such date and approximately 22.2% of all votes eligible to be cast at the Annual Meeting. It is expected that such directors and executive officers will vote or direct the voting of all shares of our common stock held or owned by

such persons, or over which such persons have voting control, in favor of the proposals described in this proxy statement.

The presence, in person or by proxy, of the holders of a majority of the voting power of the shares of our outstanding common stock and our Series B preferred stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. Cumulative voting is not permitted in the election of directors. If a choice as to the matters coming before the Annual Meeting has been specified by a stockholder on the proxy, the shares will be voted accordingly. If no choice is specified on the returned proxy, the shares will be voted in favor of the approval of the proposals described in the Notice of Annual Meeting and in this proxy statement and in the discretion of the persons named in the proxy as proxy appointees as to any other matter that may properly come before the Annual Meeting. The inspector of election appointed for the Annual Meeting will tabulate the votes, separately calculating affirmative and negative votes, abstentions and broker non-votes (i.e., the submission of a proxy by a broker or nominee specifically indicating the lack of discretionary authority to vote on the matter).

A stockholder executing a proxy pursuant to this solicitation may revoke his or her proxy at any time prior to its use:

by delivering to the Secretary of i2 a signed notice of revocation or a later-dated, signed proxy; or

by attending the meeting and voting in person.

Attendance at the meeting does not in itself constitute the revocation of a proxy. In addition, if your shares are held in the name of your broker, bank or other nominee, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the meeting.

Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Abstentions will be counted towards the tabulations of votes cast on proposals presented to the stockholders and will have the same effect as negative votes, whereas broker non-votes will not be counted for purposes of determining whether a proposal has been approved.

PROPOSAL 1

ELECTION OF THREE CLASS II DIRECTORS

Our Restated Certificate of Incorporation and Amended and Restated Bylaws provide that our Board of Directors shall be divided into three classes as nearly equal in size as is practicable, designated as Class I, Class II and Class III directors, with each class serving staggered three-year terms. We currently have the following nine directors serving on our Board:

<p>Class I Directors Stephen P. Bradley Richard L. Clemmer David L. Pope</p>	<p>Class II Directors Harvey B. Cash Michael E. McGrath Lloyd G. Waterhouse</p>	<p>Class III Directors Sanjiv S. Sidhu, Chairman Michael J. Simmons Jackson L. Wilson, Jr.</p>
--	---	--

The term of office of our Class II directors expires at the Annual Meeting, the term of office of our Class III directors expires at the 2009 annual meeting of stockholders and the term of office of our Class I directors expires at the 2010 annual meeting of stockholders. Directors to replace those of a class whose terms expire at a given annual meeting are elected to hold office until the third succeeding annual meeting, and until their respective successors have been duly elected and qualified. Each of Harvey B. Cash and Michael E. McGrath have notified the Company that they will not stand for re-election at the Annual Meeting and that their respective service on the Board of Directors will terminate as of immediately prior to the Annual Meeting.

Pursuant to the Certificate of Designations for our Series B preferred stock the holders of the Series B preferred stock, voting separately as a single class to the exclusion of all other classes of our capital stock, currently have the exclusive right to elect two directors to serve on our Board. In September 2007 the holder of the Series B preferred stock exercised their right to elect two directors and elected David L. Pope and Michael J. Simmons to our Board.

Board of Directors Nominees

Three Class II directors, J. Coley Clark, Richard L. Hunter and Lloyd G. Waterhouse, have been nominated by our Board of Directors for election at the Annual Meeting to hold office until the 2011 annual meeting of stockholders, and until their respective successors are duly elected and qualified (with Messrs. Clark and Hunter being submitted to the Board as potential nominees by the holder of our Series B preferred stock).

Name	Age	Position
J. Coley Clark	62	Director
Richard L. Hunter	55	Director
Lloyd G. Waterhouse	56	Director

Mr. Clark has been Chairman of the Board and Chief Executive Officer of BancTec, Inc., a global provider of document and payment processing solutions, since September 2004. Previously, Mr. Clark retired from EDS as Senior Vice President and head of the Financial and Transportation Industry Groups. This \$3.5 billion global operating organization supported more than 1,000 customers including Bank of America, ABN AMRO, Citigroup, Commonwealth Bank of Australia, American Airlines and Continental Airlines. In 1971 Mr. Clark joined EDS in the Systems Engineering Development Program and progressed through a variety of technical, sales and management roles related to the financial and insurance industries. He assumed responsibility for the Financial Industry Group in 1986 and was named a corporate officer in 1989. He was appointed a Senior Vice President in 1996 and served as a member of the Global Operations Council, EDS top executive team.

Mr. Clark previously served on the board of Carreker Corporation, a software solutions provider to the financial industry, and FundsXpress, Inc., a provider of internet-based financial products. Mr. Clark is a graduate

of The University of Texas at Austin. He served three years in the U.S. Army, attaining the rank of Captain, and served as a company commander in Europe and Southeast Asia.

Mr. Hunter has been Vice President of Dell's Global Consumer Services and Support team responsible for consumer customer contact centers in the Americas, Asia-Pacific and Japan and Europe, the Middle East and Africa since 2006. Previously, Mr. Hunter served as Vice President of Dell America's Operations. In this role, he managed the day-to-day operations of Dell's manufacturing facilities in Austin, TX; Nashville, TN; Winston-Salem, NC; and Eldorado de Sul, Brazil. He also led the Americas Remanufacturing and Returns Center Operations, Worldwide Fulfillment, Engineering and Quality, Demand-Supply, and the Environmental Health and Safety groups. Before that, Mr. Hunter held leadership roles in Portables manufacturing, supply chain management, and the Austin manufacturing operations organizations.

Prior to joining Dell in February 1998, Mr. Hunter worked for General Electric, Texas Instruments and Ericsson. He has more than 25 years of experience in high tech, manufacturing operations and supply chain management. Mr. Hunter graduated from the Georgia Institute of Technology with a degree in Mechanical Engineering. He serves on the Georgia Tech College of Computing Advisory Board and on the Massachusetts Institute of Technology China Leaders for Manufacturing Governing Board.

For a description of the business experience of Mr. Waterhouse, see "Executive Compensation and Other Matters - Directors and Executive Officers" on page 8.

Unless otherwise instructed, the persons named in the accompanying proxy card will vote the proxies received by them for Messrs. Clark, Hunter and Waterhouse. If any of Messrs. Clark, Hunter and Waterhouse is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for the nominee who is designated by the present Board of Directors to fill the vacancy. It is not expected that any of the nominees will be unable or will decline to serve as a director.

Required Vote

A plurality of the votes cast by the holders of our common stock and our Series B preferred stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors, voting together as a single class, is required for the election of a director. Abstentions and broker non-votes have no effect on the determination of plurality, except to the extent that they affect the total votes received by any particular nominee. Plurality means that the nominees receiving the greatest number of votes cast by the holders of outstanding shares of our voting stock present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal will be elected to our Board of Directors even if they receive less than a majority of such votes.

Your Board of Directors unanimously recommends a vote FOR J. Coley Clark, Richard L. Hunter and Lloyd G. Waterhouse and proxies executed and returned will be so voted unless contrary instructions are indicated thereon.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common stock and Series B preferred stock as of April 2, 2008 by (1) each person who is known by us to own beneficially more than five percent of our common stock or Series B preferred stock, (2) each of our directors and each of our director nominees, (3) each of the named executive officers named in the Summary Compensation Table and (4) all directors and executive officers as a group.

Name	Common Stock		Series B Preferred Stock	
	Shares Beneficially Owned (1)	Percent	Shares Beneficially Owned (1)	Percent
Sanjiv S. Sidhu	5,508,900 ⁽²⁾	25.7%		
Amalgamated Gadget, L.P.	4,605,351 ⁽³⁾	17.7%	106,614 ⁽³⁾	100%
Atlas Master Fund, Ltd.	1,204,059 ⁽⁴⁾	5.6%		
BlackRock, Inc.	1,887,775 ⁽⁵⁾	8.8%		
Fidelity Mgmt & Research, Inc.	1,287,178 ⁽⁶⁾	6.0%		
Luther King Capital Mgmt	1,290,650 ⁽⁷⁾	6.0%		
Renaissance Technologies LLC	1,272,600 ⁽⁸⁾	5.9%		
S.A.C. Capital Advisors LLC	1,905,806 ⁽⁹⁾	8.9%		
Michael Berry	105,253 ⁽¹⁰⁾	*		
Pallab K. Chatterjee	133,597 ⁽¹¹⁾	*		
John Cummings	61,718 ⁽¹²⁾	*		
Aditya Srivastava	59,525 ⁽¹³⁾	*		
Hiten D. Varia	119,894 ⁽¹⁴⁾	*		
Stephen P. Bradley	35,349 ⁽¹⁵⁾	*		
Harvey B. Cash	33,956 ⁽¹⁶⁾	*		
Richard L. Clemmer	33,501 ⁽¹⁷⁾	*		
Michael E. McGrath	973,769 ⁽¹⁸⁾	4.4%		
David L. Pope	15,862 ⁽¹⁹⁾	*		
Michael J. Simmons	17,435 ⁽²⁰⁾	*		
Lloyd G. Waterhouse	49,849 ⁽²¹⁾	*		
Jackson L. Wilson, Jr.	37,849 ⁽²²⁾	*		
Barbara Stinnett	67,856 ⁽²³⁾	*		
J. Coley Clark		*		
Dick Hunter		*		
All directors and executive officers as a group (20 persons)	7,320,474 ⁽²⁴⁾	31.9%		

* Indicates less than 1%.

(1) Beneficial ownership is calculated in accordance with Rule 13d-3(d)(1) under the Exchange Act. Percentage of beneficial ownership of our common stock is based on 21,455,158 shares of our common stock outstanding as of April 2, 2008. In computing the number of shares of our common stock beneficially owned by a person and the percentage ownership of that person, shares of our common stock that may be acquired upon the exercise of options or the conversion of Series B preferred stock held by that person that are currently exercisable or convertible or will become exercisable or convertible within 60 days following April 2, 2008 are deemed outstanding. However, these shares are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated in the footnotes to this table, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Unless otherwise indicated in the footnotes to this table, the address for each person named in this table is 11701 Luna Road, Dallas, Texas 75234.

- (2) Includes 822,715 shares held by Sidhu-Singh Family Investments, Ltd., of which Mr. Sidhu is a general partner, and 1,200 shares held by the Sidhu-Singh Family Foundation, of which Mr. Sidhu is a trustee. The address of Mr. Sidhu and the entities that he controls is 11701 Luna Road, Dallas, Texas 75234.
- (3) The 4,605,351 shares of common stock are issuable upon conversion of the 106,614 shares of Series B preferred stock held by R2 Top Hat, Ltd. (Top Hat). Based upon the information in a Schedule 13D/A filed by Amalgamated Gadget, L.P., a Texas limited partnership (Amalgamated), as well as certain information provided to the Company by Top Hat and R2 Investments, LDC, Top Hat is advised by Amalgamated pursuant to an investment management agreement. Pursuant to such agreement, Amalgamated, acting through its general partner, Scepter Holdings, Inc., a Texas corporation (Scepter), has the sole power to vote or to direct the vote and to dispose or to direct the disposition of the shares of Series B preferred stock owned by Top Hat (and any shares of common stock into which such preferred stock may be converted). As the sole general partner of Amalgamated, Scepter has the sole power to vote or to direct the vote and to dispose or to direct the disposition of the shares of Series B preferred stock (including any common stock issuable upon conversion). Geoffrey Raynor, as the President and sole shareholder of Scepter, has the sole power to vote or to direct the vote and to dispose or to direct the disposition of the shares of Series B preferred stock (including any common stock issuable upon conversion). The address of Amalgamated is 301 Commerce Street, Suite 3200, Fort Worth, Texas 76102.
- (4) Based on the information in a Schedule 13G filed by Balyasny Asset Management L.P., a Delaware corporation. The address of Balyasny Asset Management L.P. is 181 West Madison, Suite 3600, Chicago, Illinois 60602.
- (5) Based on the information in a Schedule 13G filed as of December 31, 2007. The address of BlackRock, Inc., a Delaware corporation, is 40 East 52nd Street, New York, New York 10022.
- (6) Based on the information in a Schedule 13G filed as of December 31, 2007. The address of Fidelity Management & Research Co., a wholly-owned subsidiary of FMR, LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is 82 Devonshire Street, Boston, Massachusetts 02109.
- (7) Based on the information in a Schedule 13G filed as of December 31, 2007. The address of Luther King Capital Management Corp., a Delaware corporation, is 301 Commerce Street, Suite 1600, Fort Worth, Texas 76102.
- (8) Based on the information in a Schedule 13G filed as of September 21, 2007. The address of Renaissance Technologies, LLC is 800 Third Avenue, New York, New York 10022.
- (9) Based on the information in a Schedule 13D filed by S.A.C. Capital Advisors, LLC (S.A.C.) as of October 01, 2007. S.A.C., certain of its subsidiaries and Steven A. Cohen have shared voting and dispositive power of 1,905,806 such shares. The address of S.A.C. is 72 Cummings Point Road, Stamford, Connecticut 06902.
- (10) Includes 86,406 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (11) Includes 109,200 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (12) Includes 59,281 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (13) Includes 49,663 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (14) Includes 83,740 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (15) Includes 20,713 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (16) Includes 29,425 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (17) Includes 26,738 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.

- (18) Includes 879,514 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (19) Includes 10,202 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008. Does not include the shares held beneficially by Amalgamated, the holder of our Series B preferred stock. Mr. Pope is such holder's designee to the Board of Directors.
- (20) Includes 11,193 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008. Does not include the shares held beneficially by Amalgamated, the holder of our Series B preferred stock. Mr. Simmons is such holder's designee to the Board of Directors.
- (21) Includes 20,713 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (22) Includes 20,713 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.
- (23) Includes 54,523 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008. Ms. Stinnett resigned prior to the end of our last fiscal year. We are relying on our latest records and a review of publicly filed documents to determine beneficial ownership for this former officer.
- (24) Includes 1,523,050 shares subject to options currently exercisable or exercisable within 60 days following April 2, 2008.

EXECUTIVE COMPENSATION AND OTHER MATTERS
Directors and Executive Officers

Set forth below is certain biographical information concerning our directors and executive officers as of April 28, 2008:

Name	Age	Position(s) Held
Pallab K. Chatterjee	57	Interim Chief Executive Officer
Michael J. Berry	44	Executive Vice President, Finance and Accounting, and Chief Financial Officer
Hiten D. Varia	51	Executive Vice President and President, Greater Asia-Pacific Region
Steve Estrada	43	Senior Vice President, Global Services
John Harvey	43	Senior Vice President and General Counsel
Surku Sinnadurai	59	Senior Vice President, Chief Information Officer
Aditya Srivastava	50	Senior Vice President, Chief Technology Officer
Sanjiv S. Sidhu	50	Chairman of the Board
Stephen P. Bradley	66	Director
Harvey B. Cash	69	Director
Richard L. Clemmer	56	Director
Michael E. McGrath	58	Director, Former Chief Executive Officer and President
David L. Pope	58	Director
Michael J. Simmons	44	Director
Lloyd G. Waterhouse	56	Director
Jackson L. Wilson, Jr.	60	Director

Mr. Chatterjee joined us in January 2000 as Chief Operating Officer and subsequently became Executive Vice President and then President, Solutions Operations. He was appointed Interim Chief Executive Officer in July 2007. From January 1976 until joining us, Mr. Chatterjee served in several key executive officer positions with Texas Instruments, most recently as Senior Vice President and Chief Information Officer. Mr. Chatterjee is also a director of a privately-held company and non-executive Chairman of IBS AB, a public company.

Mr. Berry joined us in August 2005 as Executive Vice President of Finance and Accounting and Chief Financial Officer after having served since April 2005 as Senior Vice President of Solutions Management, Development and Operations of The Reynolds and Reynolds Company, Inc. (Reynolds and Reynolds), a provider of software and services to the retail automotive industry. He joined Reynolds and Reynolds in November 2003 as Senior Vice President of Services. From 2001 until November 2003, Mr. Berry served as Executive Vice President/General Manager of Retail and Customer Support of Comdata Corporation, a provider of payment cards and related services to the transportation and retail industries. From 1993 until 2001, he held a number of positions, including Vice President/General Manager, Americas, at Travelers Express Co., Inc. (now MoneyGram International), a provider of payment services to the retail industry.

Mr. Varia joined us in July 1995 as Vice President, Worldwide Consulting and became Executive Vice President, Worldwide Development in July 1998; in 1999, he served as our Executive Vice President and Chief Delivery Officer, and in 2002, he became our Chief Customer Officer. In April 2004, Mr. Varia became an Executive Vice President and President, Greater Asia-Pacific Region.

Mr. Estrada joined us in 1998 as Director, Consulting Services. He was promoted to Senior Vice President in October 2007. Prior to joining i2, he was senior manager of Supply Chain Strategy at Ernst & Young LLP. He also served in various consulting roles within the organization's supply chain practice. He also spent more than five years at Procter & Gamble in various roles in sales and manufacturing.

Mr. Harvey joined us in March 2001 as Assistant General Counsel. Mr. Harvey was promoted to Vice President and General Counsel in February 2007 and to Senior Vice President in February 2008. Mr. Harvey also serves as the company's secretary.

Mr. Sinnadurai joined us in April 2001 as Vice President of Customer Satisfaction. He was promoted to Senior Vice President in October 2007. Prior to joining i2, he spent 27 years at Texas Instruments (TI) as vice president of information technology (IT), running the company's worldwide IT infrastructure, which included Asia, Japan, Europe, and the United States.

Mr. Srivastava joined us in 1997 and was promoted to Senior Vice President in January 2002 and designated an executive officer in October 2007. Prior to his time at i2, he worked on artificial intelligence at the Texas Instruments Computer Science Research Laboratory.

Mr. Sidhu founded i2 Technologies in 1988 and has served as our Chairman of the Board since our incorporation in 1989. In April 2002, Mr. Sidhu assumed the roles of Chief Executive Officer and President until February 2005. He had previously served as our Chief Executive Officer from December 1994 until May 2001.

Dr. Bradley has served as a director since April 2005. Dr. Bradley is the William Ziegler Professor of Business Administration at the Harvard Business School. Previously, he served as Senior Associate Dean for faculty development, among other positions. Dr. Bradley serves on the board of Ciena Corporation (optical networking systems and software), a private company and a foundation.

Mr. Cash has served as a director since January 1996. Since 1986, Mr. Cash has served as general or limited partner of various venture capital companies affiliated with InterWest Partners, a venture capital firm. Mr. Cash currently serves on the board of directors of the following publicly-held companies: Ciena Corporation (optical networking systems and software), First Acceptance Corporation (real estate financial services), Silicon Laboratories, Inc. (semiconductors), Argonaut Insurance and Staktek Holdings, Inc. (semiconductor memory high-density packaging). Mr. Cash is also a director of several privately-held companies.

Mr. Clemmer has served as a director since June 2004. He currently serves as a Senior Advisor with Kohlberg Kravis Roberts & Co. Since October 26, 2005, Mr. Clemmer has served as President and Chief Executive Officer of Agere Systems Inc. (semiconductors). In addition, Mr. Clemmer has been Chairman and President of Venture Capital Technology LLC, a technology investment and consulting company, since February 2003 and a partner of Shelter Capital, a technology investment fund, since June 2004. From June 2001 through February 2003, he served in a variety of positions at PurchasePro.com, a provider of electronic procurement and strategic sourcing solutions, including Chairman, Chief Executive Officer and Chief Financial Officer. Mr. Clemmer was Executive Vice President, Finance and Chief Financial Officer of Quantum Corporation, a provider of hard disk drives and other storage solutions, from August 1996 through June 2001. Mr. Clemmer serves on the board of NXP Semiconductors and several privately-held companies.

Mr. McGrath has served as a director since August 2004 and subsequently became our Chief Executive Officer and President in February 2005, a post he held until July 2007. In 1976, Mr. McGrath co-founded Pittiglio Rabin Todd & McGrath (PRTM), a leading management-consulting firm to technology-based companies. He spent 28 years with PRTM in various positions, retiring as Chairman and Chief Executive Officer of PRTM's Atlantic Region in July 2004. Mr. McGrath is a director of two privately-held companies and has served as a director of Entrust, Inc. since February 2007 and serves as Executive Chairman of Thomas Group, Inc., a public company.

Mr. Pope has served as a director since September 2007. Mr. Pope is currently a partner in Millennium Technology Partners, a Dallas-based consulting firm specializing in supply chain management. Previously, Mr. Pope was a partner with Accenture focusing on supply chain management in the electronics and high-tech industry. He has also been a CFO and CEO of several businesses, including a data-recovery and computer forensics firm in the United Kingdom and a US-based semiconductor manufacturer.

Mr. Simmons has served as a director since September 2007. Mr. Simmons is a senior operating partner in the private equity group of Q Investments, a group of entities associated with Amalgamated Gadget, L.P., and Chief Executive Officer of Q Investments' energy business. Prior to joining Q Investments in 2007, Mr. Simmons spent 20 years at General Electric, including serving as Chief Executive Officer of PII Pipeline Solutions. He held executive and operating leadership roles throughout the U.S. and Europe in GE's pension fund, real estate, finance, energy and oil and gas divisions.

Mr. Waterhouse has served as a director since April 2005. Mr. Waterhouse previously served as President and Chief Executive Officer of Harcourt Education. Mr. Waterhouse served as Chairman and Chief Executive Officer of Reynolds and Reynolds, a public company providing software and services solutions for automobile retailers, from 2000 thru July 2004. Prior to joining Reynolds and Reynolds in May 1999 Mr. Waterhouse spent 26 years at IBM Corporation, including serving as general manager of IBM's e-Business Services unit immediately prior to May 1999. Mr. Waterhouse serves on the board of directors of Digimarc and Atlantic Mutual Insurance Companies. Mr. Waterhouse also serves on the board of directors of private companies and Pennsylvania State University's Smeal College.

Mr. Wilson has served as a director since April 2005. From 1983 through August 2004 when he retired, Mr. Wilson served in various roles at Accenture Ltd, including Director; Managing Partner Accenture Technology Ventures, Corporate Development Officer and, most recently, Chief Executive Officer Business Process Outsourcing. Mr. Wilson is the former Chairman of the Board of Avanade Inc., a private joint venture between Accenture and Microsoft Corporation (technology integration on the Microsoft platform), and a director of Seraph Group LLC, a registered investment company, as well as a director of a privately-held company.

On March 7, 2007, a purported shareholder derivative complaint was filed in the Delaware Chancery Court against certain of our current and former officers and directors, naming the Company as a nominal defendant. The complaint, entitled *George Keritsis and Mark Kert v. Michael E. McGrath, Michael J. Berry, Pallab K. Chatterjee, Robert C. Donohoo, Hiten D. Varia, M. Miriam Wardak, Sanjiv S. Sidhu, Stephen P. Bradley, Harvey B. Cash, Richard L. Clemmer, Lloyd G. Waterhouse, Jackson L. Wilson Jr., Robert L. Crandall and i2 Technologies, Inc.*, asserts derivative claims against the defendant officers and directors putatively on behalf of the Company and alleges breach of fiduciary duty and unjust enrichment in connection with stock option grants to certain of the defendant officers and directors on three dates in 2004 and 2005. The complaint alleges that the timing of those stock option grants was manipulated in the recipients' favor while defendants were in possession of material non-public information about the Company. The complaint is derivative in nature and does not seek relief from the company, but does seek damages and other relief from the defendant officers and directors.

On October 23, 2007, a purported shareholder derivative lawsuit was filed in the Delaware Chancery Court against certain of our current and former officers and directors, naming the company as a nominal defendant. The complaint, entitled *John McPadden, Sr. v. Sanjiv S. Sidhu, Stephen Bradley, Harvey B. Cash, Richard L. Clemmer, Michael E. McGrath, Lloyd G. Waterhouse, Jackson L. Wilson, Jr., Robert L. Crandall and Anthony Dubreville and i2 Technologies, Inc.*, alleges breach of fiduciary duty and unjust enrichment based upon allegations that the company sold its wholly-owned subsidiary, Trade Services Corporation, for an inadequate price in 2005. The complaint is derivative in nature and does not seek relief from the company, but does seek damages and other relief from the defendant officers and directors.

We maintain directors' and officers' liability insurance and our Amended and Restated Bylaws provide for mandatory indemnification of directors to the fullest extent permitted by Delaware law. We have entered into

indemnification agreements with all of our directors and certain officers. In addition, our Restated Certificate of Incorporation limits the liability of our directors to us and our stockholders for breaches of the directors' fiduciary duties to the fullest extent permitted by Delaware law.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) provides an overview of the Company's executive compensation programs together with a description of the material factors underlying the decisions which resulted in the 2007 compensation provided to the Company's Named Executive Officers (NEOs) (as presented in the tables which follow this CD&A).

The Compensation Committee

The Compensation Committee (the Committee) of our Board of Directors (the Board) develops the compensation philosophy and objectives for the Company as a whole, reviews and approves all compensation decisions related to our NEOs and senior executives and generally oversees our compensation programs. The Committee is comprised solely of independent, non-management members of the Board.

The Committee's specific responsibilities include:

reviewing, revising and approving an industry specific Peer Group (as defined below) to facilitate appropriate benchmarking comparisons;

reviewing and approving annually, at the beginning of each year, the Company's goals and objectives relevant to the CEO's compensation for that year;

reviewing and approving annually, at the beginning of each year, the individual elements of targeted compensation for the CEO for that year, including base salary, target performance bonus and proposed equity awards and reporting such determinations to the Board of Directors;

evaluating annually, at the end of each year, the CEO's performance in light of the goals and objectives previously identified as being relevant to the CEO's compensation for that year, and determining the CEO's final compensation level based upon this evaluation and other relevant information;

reviewing the CEO's recommendations with respect to the individual elements of total compensation for the NEOs other than the CEO and approving such individual elements of compensation;