

I2 TECHNOLOGIES INC
Form 10-Q
November 09, 2005
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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 September 30, 2005

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 31, 2005, the Registrant had 20,700,895 shares of \$0.00025 par value Common Stock outstanding.

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i2 TECHNOLOGIES, INC.

QUARTERLY REPORT ON FORM 10-Q

September 30, 2005

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Table of Contents**PART 1 FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****i2 TECHNOLOGIES, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except par value or stated value)****(Unaudited)**

	September 30, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 254,954	\$ 133,273
Restricted cash	5,081	7,717
Short-term investments, at fair value	11,983	144,532
Accounts receivable, net	23,121	37,439
Deferred contract costs	311	1,886
Other current assets	17,155	22,034
Total current assets	312,605	346,881
Long-term investments, at fair value	1,000	
Premises and equipment, net	14,787	18,987
Net deferred charges	1,420	2,473
Goodwill	16,321	16,620
Non-current deferred tax asset	5,485	5,712
Total assets	\$ 351,618	\$ 390,673
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Accounts payable	\$ 12,383	\$ 13,988
Accrued liabilities	40,344	39,152
Accrued compensation and related expenses	17,210	27,227
Deferred revenue	130,218	165,362
Total current liabilities	200,155	245,729
Non-current deferred tax liability		1,177
Long-term debt	295,250	316,800
Total liabilities	495,405	563,706
Commitments and contingencies		
Stockholders' deficit:		
Preferred Stock, \$0.001 par value, 5,000 shares authorized, none issued and outstanding		
Series A junior participating preferred stock, \$0.001 par value, 2,000 shares authorized, none issued and outstanding		

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Series B 2.5% convertible preferred stock, \$1,000 stated value, 150 shares authorized, 103 and 101 issued and outstanding at September 30, 2005 and December 31, 2004, respectively	98,653	97,045
Common stock, \$0.00025 par value, 2,000,000 shares authorized, 20,626 and 18,608 shares issued and outstanding at September 30, 2005 and December 31, 2004, respectively	5	5
Additional paid-in capital	10,419,561	10,403,515
Accumulated other comprehensive income	399	3,675
Accumulated deficit	(10,662,405)	(10,677,273)
	<hr/>	<hr/>
Net stockholders' deficit	(143,787)	(173,033)
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Total liabilities and stockholders' deficit	\$ 351,618	\$ 390,673
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See accompanying notes to condensed consolidated financial statements.

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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Revenues:				
Software licenses	\$ 14,638	\$ 17,441	\$ 42,797	\$ 41,856
Development services	7,194	7,510	44,087	23,319
Contract	899	29,130	19,298	67,070
Services	20,201	26,781	66,518	76,318
Reimbursable expenses	2,039	2,458	7,812	8,206
Maintenance	24,268	27,742	75,582	88,544
Total revenues	69,239	111,062	256,094	305,313
Costs and expenses:				
Cost of revenues:				
Software licenses	882	3,816	5,786	7,189
Development services	3,002	3,353	10,921	14,004
Contract		2,079	1,575	3,210
Amortization of acquired technology		90		369
Reimbursable expenses	2,039	2,458	7,812	8,206
Services and maintenance	21,726	25,915	68,793	82,413
Sales and marketing	8,176	19,326	42,374	60,838
Research and development	8,913	16,612	35,257	55,418
General and administrative	12,137	17,253	49,372	55,467
Amortization of intangibles				39
Gain on sale of assets	(2,176)		(2,176)	
Restructuring charges and adjustments	(256)	(670)	11,650	3,575
Total costs and expenses	54,443	90,232	231,364	290,728
Operating income	14,796	20,830	24,730	14,585
Gain on sale of securities			11,000	
Other expense, net	(2,969)	(1,788)	(12,763)	(11,257)
Income before income taxes	11,827	19,042	22,967	3,328
Income tax expense	2,436	1,176	5,843	3,281
Net income	\$ 9,391	\$ 17,866	\$ 17,124	\$ 47
Preferred stock dividend and accretion of discount	764	742	2,256	989

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Net income (loss) applicable to common shareholders	\$ 8,627	\$ 17,124	\$ 14,868	\$ (942)
Net income (loss) per common share:				
Basic	\$ 0.34	\$ 0.75	\$ 0.63	\$ (0.05)
Diluted	\$ 0.33	\$ 0.75	\$ 0.62	\$ (0.05)
Weighted-average common shares outstanding:				
Basic	25,063	22,686	23,739	17,842
Diluted	25,958	22,764	24,038	17,842
Comprehensive income (loss):				
Net income (loss) applicable to common shareholders	\$ 8,627	\$ 17,124	\$ 14,868	\$ (942)
Other comprehensive income (loss):				
Unrealized gain (loss) on available-for-sale securities arising during the period	115			