i2 Technologies
The Investment Analysis Group
November 3, 2000

Agenda

• Industry Overview
• Company Strengths
• Company Valuation
• Concluding Remarks
What the heck is i2?

• Global provider of eBusiness solutions
  ❖ Collaborate with suppliers, customers
  ❖ Respond to market demands
  ❖ Conduct business via the Internet

• Competes in 2 broad markets
  ❖ Supply Chain Management
  ❖ Trading exchange platforms applications

Industry Growth

• Supply Chain Management
  ❖ $4.4 BILLION market for supply chain automation applications in 1999
  ❖ $20 BILLION up for grabs by 2004

CAGR = 35.3%
Industry Growth

- Trading Exchange Platforms Applications
  - $124 MILLION market as of 1999
  - $2.8 BILLION up for grabs by 2004

![Graph showing CAGR of 87%]

Supply Chain Management

- Competition on key factors
  - Inter-enterprise demand forecasting
  - Demand fulfillment
  - Collaborative product development
  - Customer management
  - Strategic planning
- i2 Kicks butt on each and every dimension!!!!!!
Trading Exchange Platforms

• Competition on key factors
  ❖ Dynamic pricing
  ❖ Broad auction capabilities
  ❖ XML tagging
  ❖ Integrated supply chain management
  ❖ Supplier content availability
  ❖ Open platform
• Breaking tradition, risk

Strategy

• KILLER Value Proposition
  ❖ Defines growth/savings as additional free cash flow ascribed to i2’s products

<table>
<thead>
<tr>
<th>Business Issue</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory Levels</td>
<td>Reduced by 50%</td>
</tr>
<tr>
<td>Inventory Turns</td>
<td>Doubled</td>
</tr>
<tr>
<td>Stock Out</td>
<td>Reduced by 9 fold</td>
</tr>
<tr>
<td>On-Time Deliveries</td>
<td>Increased by 40%</td>
</tr>
<tr>
<td>Cycle Times</td>
<td>Decreased by 27%</td>
</tr>
<tr>
<td>Costs/Revenues</td>
<td>Reduced by 20%</td>
</tr>
<tr>
<td>Revenues</td>
<td>Increased by 17%</td>
</tr>
</tbody>
</table>
Product Breakdown

- Software licenses
- Services
- Maintenance

Software Licenses

- RHYTHM Suite
  - Decision support
  - Intra-enterprise and inter-enterprise supply chains
- TradeMatrix
  - Open trading platform
  - Provides e-marketplaces
RHYTHM

• Six components
  ❖ Product lifecycle management
  ❖ Supply chain management
  ❖ Customer management
  ❖ Service assets management
  ❖ Business process intelligence
  ❖ Strategic planning

TradeMatrix

• Seven applications
  ❖ Procurement
  ❖ Commerce
  ❖ Fulfillment
  ❖ Product development
  ❖ Retail
  ❖ Planning
  ❖ Customer care
Services

- Maintenance and product updates
  - 15% of license revenues
  - Renewable on a 2 yr. basis
- Implementation, consulting, training
  - Avg. deal size is $1.8 MILLION

Customers

- Over 700 by 1999
- Decreasing dependency on limited number of sectors
  - High Tech
  - Metals/Paper
  - Apparel
  - Furniture, industrial, medical, aerospace, logistics, automotive
Want the Names?

- Ford, GM
- GE Plastics
- Applied Materials, EMC, HWP
- Barnes & Noble, Frito-Lay, Whirlpool
- Abbott Labs, J&J Medical
- US Steel, British Steel
- Sonoco
- KPMG

New and High Profile

- SIEMENS
  - Largest single deal in i2’s history
  - 3 year deal
- Nokia
  - Beat out SAP for both!!
- Caterpillar
- Kmart
Acquisitions

• Key Strategy

<table>
<thead>
<tr>
<th>Acquired</th>
<th>Date</th>
<th>I2 Share Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Think Systems</td>
<td>May-97</td>
<td>15.4 million</td>
</tr>
<tr>
<td>Optimax Systems</td>
<td>May-97</td>
<td>5.4 million</td>
</tr>
<tr>
<td>InterTransLogistics</td>
<td>Apr-98</td>
<td>6.6 million</td>
</tr>
<tr>
<td>Smart Technologies</td>
<td>Jul-99</td>
<td>4.2 million</td>
</tr>
<tr>
<td>Aspect Development</td>
<td>Mar-00</td>
<td>44.9 million</td>
</tr>
<tr>
<td>Supplybase</td>
<td>Mar-00</td>
<td>1.8 million</td>
</tr>
</tbody>
</table>

Strategic Partnerships

<table>
<thead>
<tr>
<th>Company</th>
<th>Nature of Relationship</th>
<th>Strategic Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oracle</td>
<td>ORCL has distribution rights</td>
<td>ORCL gains more complete product</td>
</tr>
<tr>
<td>Sun Microsystems</td>
<td>RHYTHM offered on Sun platform</td>
<td>I2 solutions based on open platform</td>
</tr>
<tr>
<td>Pricewaterhouse Coopers</td>
<td>PWC gets $5 mil. Of i2 stock in exchange for IP</td>
<td>Assists in I2’s implementation efforts</td>
</tr>
<tr>
<td>Ariba &amp; IBM</td>
<td>Minority equity investment from IBM into Ariba &amp; i2</td>
<td>I2 can deliver comprehensive solution</td>
</tr>
<tr>
<td>Broadvision</td>
<td>Integrate TradeMatrix with BVSN e-commerce apps.</td>
<td>I2 gets BVSN’s installed base and revenue</td>
</tr>
</tbody>
</table>
What next?!!

• Four Product Announcements
  ❖ Fulfillment Matrix
  ❖ Outsourced fulfillment
  ❖ Tough to execute in practice
  ❖ Collaborative Procurement Solutions
  ❖ Customer Order Management
  ❖ TradeMatrix5.0
• 2 for 1 Stock Split
• Addition of Ken Lay, CEO of Enron, to B.D.

Management

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Experience</th>
</tr>
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<tbody>
<tr>
<td>Sanjiv Sidhu</td>
<td>CEO</td>
<td>Artificial Intelligence at TI</td>
</tr>
<tr>
<td>Gregory Brady</td>
<td>President</td>
<td>VP @ Oracle</td>
</tr>
<tr>
<td>Bill Beecher</td>
<td>CFO</td>
<td>Think Systems</td>
</tr>
<tr>
<td>Reagan Lancaster</td>
<td>VP Worldwide Sales</td>
<td>Manager @ Oracle</td>
</tr>
<tr>
<td>Hiten Varia</td>
<td>VP Worldwide Devel.</td>
<td>EDS</td>
</tr>
<tr>
<td>Sandeep Tungare</td>
<td>Pres. Of Demand Management</td>
<td>Think Systems, Nabisco</td>
</tr>
</tbody>
</table>
The Proof is in the Numbers!

- 3Q Earnings of $28.8 million, or $0.12 per share
- Compared to $10 million, or $0.06 per share, for year-ago
- Revenue hit $319.5 million, up 118% from year-ago
- Signed 104 new deals

Competition

- Supply Chain Management
  - Manugistics
  - Oracle
  - Logility
- Trade Exchange Platforms
  - Ariba
  - Commerce One
Risks

• Hate to admit it, but here they are:
  • Stiff Competition
    ❖ ARBA and CMRC more established in TEPs.
  • Concentration Risk
  • Jittery atmosphere over B2B and tech in general
  • Sharp swings in stock price

Stock Performance
Valuation

<table>
<thead>
<tr>
<th>Company</th>
<th>Share Price</th>
<th>Sales/Share</th>
<th>Price/Sales</th>
<th>G (1 Year Growth Rate)</th>
<th>(P/S)/G</th>
<th>Price/Book</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ariba</td>
<td>132.88</td>
<td>1.43</td>
<td>92.923</td>
<td>61.97</td>
<td>1.499484862</td>
<td>6.67</td>
</tr>
<tr>
<td>CommerceOne</td>
<td>73</td>
<td>1.48</td>
<td>49.324</td>
<td>71.78</td>
<td>0.687159715</td>
<td>5.07</td>
</tr>
<tr>
<td>Ventro</td>
<td>4.31</td>
<td>2.37</td>
<td>1.8186</td>
<td>62.5</td>
<td>0.029097046</td>
<td>0.57</td>
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<tr>
<td>Manugistics</td>
<td>120.5</td>
<td>6.67</td>
<td>18.066</td>
<td>32.86</td>
<td>0.549785971</td>
<td>36.83</td>
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<tr>
<td>Oracle</td>
<td>30.31</td>
<td>1.74</td>
<td>17.42</td>
<td>25.47</td>
<td>0.683923841</td>
<td>30.81</td>
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<tr>
<td>Logility</td>
<td>3</td>
<td>2.29</td>
<td>1.31</td>
<td>35</td>
<td>0.037429819</td>
<td>1.31</td>
</tr>
</tbody>
</table>

i2 Technologies

i2 is relatively undervalued compared to its peers. To arrive at my conclusions, I posited a rather conservative growth rate.

Conclusions

- Classic Growth, Admittedly High Risk
- Excellent company
- Incredible potential
- **Recommendation**
  - BUY on a down swing in price