

ART TECHNOLOGY GROUP INC
Form 10-Q
November 15, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 Q

ý **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

o **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 000-26679

ART TECHNOLOGY GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

04-3141918

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(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

25 First Street, Cambridge, Massachusetts
(Address of principal executive offices)

02141
(Zip Code)

(617) 386-1000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 7, 2002 there were 70,475,324 shares of the Registrant's common stock outstanding.

ART TECHNOLOGY GROUP, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ART TECHNOLOGY GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(UNAUDITED)

	September 30, 2002	December 31, 2001
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 47,010	\$ 49,493
Marketable securities	20,847	14,057
Accounts receivable, net of reserves of approximately \$1,518 and \$3,539 at September 30, 2002 and December 31, 2001, respectively	20,412	30,532
Unbilled services	798	274
Prepaid expenses and other current assets	5,973	5,541
Total Current Assets	95,040	99,897
Restricted cash	4,604	16,757
Property and Equipment, Net	11,204	16,171
Other Assets	1,520	4,663
	\$ 112,368	\$ 137,488
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Current maturities of long-term obligations	\$ 500	\$ 2,000
Accounts payable	4,626	4,160
Accrued expenses	18,981	24,718
Deferred revenue	13,646	17,628
Accrued restructuring, short-term	9,125	13,398
Total Current Liabilities	46,878	61,904
Accrued restructuring, less current portion	28,779	32,675

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Commitments and Contingencies

Stockholders' Equity:

Preferred stock, \$.01 par value

Authorized 10,000,000

Issued and outstanding no shares

Common stock, \$.01 par value

Authorized 500,000,000

Issued and outstanding 70,460,324 shares and 68,982,030 shares at September 30, 2002 and December 31, 2001 respectively

	704	689
Additional paid-in capital	216,944	214,597
Deferred compensation	(586)	(1,558)
Accumulated deficit	(179,035)	(170,379)
Accumulated other comprehensive income	(1,316)	(440)

Total Stockholders' Equity	36,711	42,909
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\$	112,368	\$	137,488
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ART TECHNOLOGY GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Revenues:				
Product licenses	\$ 11,825	\$ 13,411	\$ 36,574	\$ 57,975
Services	12,677	17,042	40,403	51,267
Total Revenues	24,502	30,453	76,977	109,242
Cost of Revenues:				
Product licenses	1,118	1,075	3,257	3,222
Services	8,119	10,546	25,941	38,941