

SILICON GRAPHICS INC
Form NT 10-Q
November 04, 2004

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 12b-25**

OMB Number 3235-0058
Commission File Number 1-10441
CUSIP Number 827056-10-2

NOTIFICATION OF LATE FILING

(Check One): Form 10-K Form 20-F Form 10-Q Form N-SAR

Form N-CSR

For Period Ended: September 24, 2004

- Transition Report on Form 10-K Transition Report on Form 10-Q
 Transition Report on Form 20-F Transition Report on Form N-SAR
 Transition Report on Form 11-K

For the Transition Period Ended: _____
Read Instruction (on back page) Before Preparing Form. Please Print or Type.

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the Item(s) to which the notification relates: _____

**PART I
REGISTRANT INFORMATION**

Full Name of Registrant Silicon Graphics, Inc.

Former Name if Applicable Not Applicable

Address of Principal Executive Office (*Street and Number*)
1500 Crittenden Lane

City, State and Zip Code Mountain View, California 94043-1351

**PART II
RULES 12b-25(b) AND (c)**

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If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reasons described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- x (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date;

and

- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III
NARRATIVE**

State below in reasonable detail the reasons why Forms 10-K, 20-F, 11-K, 10-Q, N-SAR, N-CSR, or the transition report portion thereof, could not be filed within the prescribed time period.

The Registrant's Form 10-Q has not been completed by the due date because the Registrant requires additional time to finalize its unaudited financial statements for the quarterly period ended September 24, 2004. The Registrant issued the attached press release on October 19, 2004 announcing its first quarter results. The Registrant expects that it will file the Form 10-Q shortly and that the financial statements contained in such filing will be consistent with its publicly announced results.

**PART IV
OTHER INFORMATION**

- (1) Name and telephone number of person to contact in regard to this notification

Sandra Escher

(650) 933-3009

(Name)

(Area Code) (Telephone Number)

- (2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If answer is no, identify report(s).

x Yes o No

- (3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

x Yes o No

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

The Registrant issued the attached press release on October 19, 2004 announcing its first quarter results. The Registrant expects that its financial statements contained on the Form 10-Q will be consistent with its publicly announced results.

Silicon Graphics, Inc

(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date November 4, 2004

By /s/ Jeffrey V. Zellmer

Jeffrey V. Zellmer

Senior Vice President and Chief Financial Officer

INSTRUCTION: The form may be signed by an executive officer of the registrant or by any other duly authorized representative. The name and title of the person signing the form shall be typed or printed beneath the signature. If the statement is signed on behalf of the registrant by an authorized representative (other than an executive officer), evidence of the representative's authority to sign on behalf of the registrant shall be filed with the form.

ATTENTION

Intentional misstatements or omissions of fact constitute Federal Criminal Violations (See 18 U.S.C. 1001).

General Instructions

1. This form is required by Rule 12b-25 (17 CFR 240.12b -25) of the General Rules and Regulations under the Securities Exchange Act of 1934.

2. One signed original and four conformed copies of this form and amendments thereto must be completed and filed with the Securities and Exchange Commission, Washington, D.C. 20549, in accordance with Rule 0-3 of the General Rules and Regulations under the Act. The information contained in or filed with the form will be made a matter of public record in the Commission files.

3. A manually signed copy of the form and amendments thereto shall be filed with each national securities exchange on which any class of securities of the registrant is registered.

4. Amendments to the notifications must also be filed on form 12b-25 but need not restate information that has been correctly furnished. The form shall be clearly identified as an amended notification.

5. *Electronic filers.* This form shall not be used by electronic filers unable to timely file a report solely due to electronic difficulties. Filers unable to submit a report within the time period prescribed due to difficulties in

electronic filing should comply with either Rule 201 or Rule 202 of Regulation S-T (§232.201 or §232.202 of this chapter) or apply for an adjustment in filing date pursuant to Rule 13(b) of Regulation S-T (§232.13(b)) of this chapter.

News Release

FOR IMMEDIATE RELEASE

SGI REPORTS FIRST QUARTER FINANCIAL RESULTS

MOUNTAIN VIEW, Calif. (October 19, 2004) □ Silicon Graphics (NYSE: SGI) today announced results for its first fiscal quarter which ended September 24, 2004. Revenue for the first quarter was \$175 million, in line with the preliminary results announced October 5, 2004. Gross margin from continuing operations was 35.8% compared with 40.1% in the same quarter one year ago. SGI's first-quarter operating loss from continuing operations was \$27 million, compared with an operating loss of \$44 million for the first quarter fiscal 2004. The first-quarter net loss was \$28 million or \$0.11 per share, compared with a net loss of \$48 million or \$0.23 per share one year ago.

GAAP operating expenses from continuing operations for the first fiscal quarter were \$89 million compared with \$126 million the same quarter one year ago. Excluding a non-cash charge of \$3 million, non-GAAP operating expenses were \$86 million. This non-cash charge reflects a revised calculation of charges associated with the sublease of the Company's former headquarters campus in fiscal 2004 and was not reflected in the company's preliminary announcement on October 5, 2004.

"Despite disappointing results in Q1, we expect improved results in Q2. We have just delivered one of the most powerful computers in the world to NASA and have recently been selected to provide other large configuration Altix systems in the U.S. and abroad," **said Bob Bishop, Chairman and CEO.** "In addition, with the launch of the new Silicon Graphics Prism system, we now have a full suite of high performance compute, storage and visualization solutions available on the Linux platform."

Unrestricted cash, cash equivalents and marketable investments on September 24, 2004 were \$125 million as compared with \$111 million at the end of the first

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quarter of fiscal 2004.

SGI will conduct a conference call today at 2 p.m. PT to provide additional details. The webcast is available at http://www.sgi.com/company_info/investors/events.html. The dial-in number is (888) 208-1824 or (913) 981-4900 for participants outside of North America. An audio replay of this call will be available after 5 p.m. PT today at (888) 203-1112 (passcode: 960942) or (719) 457-0820 (passcode: 960942) and will be available for seven days. All links to the archived Webcast and audio replay are available through SGI's Web site at www.sgi.com/company_info/investors/.

This news release contains forward-looking statements relating to future events or expected financial performance that involve risks and uncertainties. The company's future results could differ materially from the expectations discussed herein. Factors that might cause such a difference include risks associated with the timely development, production and acceptance of new products and services; increased

□more□

SGI Reports First Quarter Financial Results/2

competition; dependence on third party partners and suppliers; the failure to achieve expected product mix and revenue levels; failure to manage costs and generate improved operating results, and the ability to improve the financial condition and performance of the company. These and other risks are detailed from time to time in SGI's periodic reports that are filed with the Securities and Exchange Commission, including SGI's annual report on Form 10-K for the year ended June 25, 2004. We undertake no obligation to publicly update or revise any forward-looking statements, whether changes occur as a result of new information, future events or otherwise.

SILICON GRAPHICS | The Source of Innovation and Discovery□

SGI, also known as Silicon Graphics, Inc. (NYSE: SGI), is a leader in high-performance computing, visualization and storage. SGI's vision is to provide technology that enables the most significant scientific and creative breakthroughs of the 21st century. Whether it's sharing images to aid in brain surgery, finding oil more efficiently, studying global climate, providing technologies for homeland security and defense, or enabling the transition from analog to digital broadcasting, SGI is dedicated to addressing the next class of challenges for scientific, engineering and creative users. With offices worldwide, the company is headquartered in Mountain View, Calif., and can be found on the Web at www.sgi.com.

□end□

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SILICON GRAPHICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except per share amounts)

| | Three Months Ended | |
|---|-----------------------|-----------------------|
| | Sept. 24, 2004 (1) | Sept. 26, 2003 (1) |
| | (unaudited) | |
| Product and other revenue | \$ 97,176 | \$ 118,115 |
| Service revenue | 77,421 | 84,101 |
| | <hr/> | <hr/> |
| Total revenue | 174,597 | 202,216 |
| Costs and expenses: | | |
| Cost of product and other revenue | 65,340 | 70,316 |
| Cost of service revenue | 46,692 | 50,750 |
| Research and development | 23,306 | 31,959 |
| Selling, general and administrative | 62,717 | 69,351 |
| Other operating expense, net (2) | 3,165 | 24,236 |
| | <hr/> | <hr/> |
| Total costs and expenses | 201,220 | 246,612 |
| | <hr/> | <hr/> |
| Operating loss | (26,623) | (44,396) |
| Interest expense | (4,534) | (6,890) |
| Interest and other income (expense), net | (266) | (468) |
| | <hr/> | <hr/> |
| Loss from continuing operations before income taxes | (31,423) | (51,754) |
| . | | |
| Income tax benefit | (3,732) | (3,029) |
| | <hr/> | <hr/> |
| Net loss from continuing operations | (27,691) | (48,725) |
| Discontinued operations: | | |
| Net (loss) income from discontinued operations, net | | |

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| | | |
|---|-------------------|-------------------|
| of tax | (276) | 796 |
| | <u> </u> | <u> </u> |
| Net loss | \$ (27,967) | \$ (47,929) |
| | <u> </u> | <u> </u> |
| Net loss per common share - basic and diluted: | | |
| Continuing operations | \$ (0.11) | \$ (0.23) |
| Discontinued operations | (0.00) | 0.00 |
| | <u> </u> | <u> </u> |
| Net loss per common share- basic and diluted. . | \$ (0.11) | \$ (0.23) |
| | <u> </u> | <u> </u> |
| Shares used in the calculation of net loss per common | | |
| share - basic and diluted | 262,039 | 209,570 |
| | <u> </u> | <u> </u> |

(1) The results of our Alias application software business, which was sold in June 2004, are reflected as discontinued operations for all periods presented.

(2) Represents a net charge for estimated restructuring costs and charges associated with the impairment of assets.

SILICON GRAPHICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| | September 24, 2004 | June 25, 2004 |
|---|-----------------------|-------------------|
| | <u> </u> | <u> </u> |
| <u>ASSETS</u> | (unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | \$ 122,933 | \$ 154,855 |
| Short-term marketable investments | 2,138 | 2,010 |
| Short-term restricted investments | 37,624 | 23,585 |
| Accounts receivable, net | 76,215 | 113,901 |
| Inventories | 67,328 | 66,938 |
| Prepaid expenses and other current assets | 39,044 | 34,916 |
| | <u> </u> | <u> </u> |
| Total current assets | 345,282 | 396,205 |
| Restricted investments | 713 | 909 |
| Net property and equipment | 68,529 | 74,595 |
| Other assets | 96,181 | 98,215 |
| | <u> </u> | <u> </u> |

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| | | |
|--|------------|------------|
| | \$ 510,705 | \$ 569,924 |
| | <hr/> | <hr/> |
| <u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 60,100 | \$ 65,119 |
| Accrued compensation | 30,594 | 37,053 |
| Income taxes payable | 5,373 | 6,082 |
| Other current liabilities | 92,914 | 98,467 |
| Current portion of long-term debt | 9,026 | 17,775 |
| Current portion of deferred revenue | 90,717 | 96,058 |
| | <hr/> | <hr/> |
| Total current liabilities | 288,724 | 320,554 |
| Long-term debt | 263,247 | 264,212 |
| Long-term deferred revenue | 27,415 | 25,749 |
| Other liabilities | 81,910 | 82,087 |
| | <hr/> | <hr/> |
| Total liabilities | 661,296 | 692,602 |
| Total stockholders' deficit | (150,591) | (122,678) |
| | <hr/> | <hr/> |
| | \$ 510,705 | \$ 569,924 |
| | <hr/> | <hr/> |