

SILICON GRAPHICS INC
Form 8-K
January 21, 2004

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported)

January 21, 2004

SILICON GRAPHICS INC.

(Exact name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-10441
(Commission File Number)

94-2789662
(IRS Employer
Identification No.)

**1500 Crittenden Lane
Mountain View, CA**
(Address of Principal Executive Offices)

94043-1351
(Zip Code)

Registrant's telephone number, including area code

(650) 960-1980

1600 Amphitheatre Parkway Mountain View, CA
(Former Name or Former Address, if Changed Since Last Report)

Item 7. Exhibits

(c)

99.1 Earnings Press Release dated January 21, 2004

Item 12. Results of Operations and Financial Condition

On January 21, 2004, the Company announced its financial results for the fiscal quarter ended December 26, 2003. A copy of the press release announcing the Company's financial results is included as an exhibit to and incorporated by reference in this Current Report on Form 8-K. This Current Report on Form 8-K is furnished pursuant to Item 12 of Form 8-K and is not intended to be incorporated by reference into future filings under the Securities Exchange Act of 1934 or the Securities Act of 1933 unless expressly incorporated by reference in such filings.

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

	Three Months Ended		Six Months Ended	
	Dec. 26, 2003	Dec. 27, 2002	Dec. 26, 2003	Dec. 27, 2002
	(unaudited)		(unaudited)	
Product and other revenue	\$ 141,883	\$ 156,877	\$ 266,749	\$ 290,360
Service revenue	96,030	105,861	189,191	214,096
	<u>237,913</u>	<u>262,738</u>	<u>455,940</u>	<u>504,456</u>
Total revenue				
Costs and expenses:				
Cost of product and other revenue	78,204	89,382	149,468	171,006
Cost of service revenue	48,704	59,156	100,881	121,811
Research and development	30,226	42,920	65,575	85,563
Selling, general and administrative	69,845	74,086	148,444	160,863
Other operating expense, net (1)	12,986	5,817	37,222	14,261
	<u>239,965</u>	<u>271,361</u>	<u>501,590</u>	<u>553,504</u>
Total costs and expenses				
Operating loss	(2,052)	(8,623)	(45,650)	(49,048)
Interest and other income (expense), net	(35,610) (2)	(7,448)	(42,522) (2)	(8,008)
	<u>(37,662)</u>	<u>(16,071)</u>	<u>(88,172)</u>	<u>(57,056)</u>
Loss before income taxes				
Income tax provision (benefit)	(294)	926	(2,875)	1,013
	<u>(37,368)</u>	<u>(16,997)</u>	<u>(85,297)</u>	<u>(58,069)</u>
Net loss				
	<u>\$ (0.18)</u>	<u>\$ (0.08)</u>	<u>\$ (0.41)</u>	<u>\$ (0.29)</u>
Net loss per common share - basic and diluted				
Shares used in the calculation of net loss per common share - basic and diluted	211,034	200,748	210,302	200,212
	<u>211,034</u>	<u>200,748</u>	<u>210,302</u>	<u>200,212</u>

(1) Represents charges for and changes in previously estimated restructuring costs.

(2) The three and six-month periods ended December 26, 2003 include a \$23 million non-cash loss resulting from the extinguishment of the exchanged 5.25% Senior Convertible Notes due in 2004 and \$8 million in additional non-cash expense due to the beneficial conversion feature of our 6.50% Secured Convertible Notes.

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

	December 26, 2003	June 27, 2003
	(unaudited)	
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 107,511	\$ 140,836
Short-term marketable investments	1,246	440
Short-term restricted investments	35,557	35,298
Accounts receivable, net	120,836	133,166
Inventories	72,095	71,426
Prepaid expenses and other current assets	45,467	51,727
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Total current assets	382,712	432,893
Restricted investments	903	1,430
Property and equipment, net	88,987	108,062
Other assets	98,723	107,469
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	\$ 571,325	\$ 649,854
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<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current liabilities:		
Accounts payable	\$ 76,631	\$ 76,507
Accrued compensation	36,809	38,916
Income taxes payable	18,803	22,666
Other current liabilities	136,430	126,987
Current portion of long-term debt	22,477	16,894
Deferred revenue	141,189	149,434
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Total current liabilities	432,339	431,404

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Long-term debt	302,839	291,956
Other liabilities	76,478	91,385
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Total liabilities	811,656	814,745
Total stockholders' deficit	(240,331)	(164,891)
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	\$ 571,325	\$ 649,854
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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 21, 2004

By: /s/ Sandra M. Escher
Sandra M. Escher
Senior Vice President and General Counsel

EXHIBIT INDEX

EXHIBIT NUMBER	DOCUMENT DESCRIPTION
99.1	Earnings Press Release dated January 21, 2004
