

SILICON GRAPHICS INC
Form S-4/A
June 30, 2003

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As filed with the Securities and Exchange Commission on June 30, 2003

Registration No. 333-104651

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 4
TO

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SILICON GRAPHICS, INC.

Delaware
(State or other jurisdiction of
incorporation or organization)

3571
(Primary Standard Industrial
Classification Code Number)
1600 Amphitheatre Parkway
Mountain View, California 94043
(650) 960-1980

94-2789662
(I.R.S. Employer Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Sandra M. Escher
Senior Vice President and General Counsel
Silicon Graphics, Inc.
1600 Amphitheatre Parkway
Mountain View, California 94043
(650) 960-1980

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Daniel G. Kelly, Jr.
Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, California 94043
Tel: (650) 752-2000
Fax: (650) 752-2111

Approximate date of commencement of proposed sale to the public: As promptly as possible upon effectiveness of this Registration Statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered(1)	Amount To Be Registered(2)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee(3)(6)
Senior Notes Due 2009	\$230,000,000	100%	\$175,950,000	\$14,235
Senior Convertible Notes Due 2009	(4)	(4)	(4)	(4)
Common Stock, par value \$0.001 per share(5)	(5)	N/A	N/A	N/A

- (1) This registration statement relates to the exchange by Silicon Graphics, Inc. of an aggregate of up to \$230,000,000 principal amount of its 5.25% Senior Convertible Notes Due 2004 for either (a) \$1,000 in principal amount of its new Senior Notes Due 2009 for each \$1,000 in principal amount of notes tendered, or (b) \$1,000 principal amount of its new Senior Convertible Notes Due 2009 for each \$1,000 in principal amount of notes tendered.
- (2) This amount is the maximum principal amount of 5.25% Senior Convertible Notes Due 2004 that may be received by the registrant from tendering holders.
- (3) The amount of the registration fee paid herewith was calculated, pursuant to Rule 457(f)(1) under the Securities Act of 1933, as amended, based on \$175,950,000, the market value as of April 16, 2003 of the maximum amount of 5.25% Senior Convertible Notes Due 2004 that may be received by the registrant from tendering holders.
- (4) The total of Senior Notes Due 2009 and Senior Convertible Notes Due 2009 to be issued upon completion of this exchange offer will be no more than \$230,000,000. Therefore no additional registration fee is required pursuant to Rule 457 of the Securities Act of 1933, as amended.
- (5) Such indeterminate number of shares of Common Stock as shall be issuable upon conversion of the Senior Convertible Notes being registered hereunder. No additional consideration will be received for the Common Stock and therefore no registration fee is required pursuant to Rule 457(i) under the Securities Act of 1933.
- (6) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus supplement may change. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus supplement is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

**Prospectus Supplement to
Prospectus dated April 21, 2003
and Prospectus Supplement
dated May 22, 2003**

SILICON GRAPHICS, INC.

SUPPLEMENT TO ITS OFFER TO EXCHANGE

**11.75% SENIOR NOTES DUE 2009 OR
6.50% SENIOR CONVERTIBLE NOTES DUE 2009**

FOR

**ALL OUR OUTSTANDING 5.25%
SENIOR CONVERTIBLE NOTES DUE 2004**

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT
12:00 MIDNIGHT, NEW YORK CITY TIME, ON JULY 14, 2003,
UNLESS EXTENDED.**

This prospectus supplement relates to our offer to exchange \$1,000 principal amount of our 11.75% Senior Notes Due 2009, referred to as the New Notes, or \$1,000 principal amount of our 6.50% Senior Convertible Notes Due 2009, referred to as the New Convertible Notes, for an equal amount of our 5.25% Senior Convertible Notes Due 2004, referred to as the Old Notes, upon the terms and conditions specified in the prospectus dated April 21, 2003 previously filed with the Securities and Exchange Commission, which we refer to as the original prospectus. We amended our offer to provide for the payment of a fee to soliciting dealers as described in our prospectus supplement dated May 22, 2003. We have further amended the terms of the offer, as described in more detail below, to reduce the price at which New Convertible Notes may be converted into shares of our common stock from \$3.00 to \$1.85 per share and have reduced the maximum amount of New Convertible Notes we will issue in exchange for Old Notes from \$120 million aggregate principal amount to \$78 million aggregate principal amount. If more than \$78 million aggregate principal amount of Old Notes are tendered for New Convertible Notes, we will accept Old Notes for exchange on a prorated basis. Old Notes not exchanged for New Convertible Notes because of proration will be exchanged for New Notes. Additionally, we have revised the offer to (a) add financial performance and debt reduction conditions which, if not satisfied, will result in an increase in the interest rate payable on the New Notes and a further reduction in the conversion price of the New Convertible Notes for the fiscal quarter in which the conditions have not been satisfied, (b) add a covenant to use the proceeds of certain asset sales to reduce our debt, and (c) provide for the holders of New Notes and New Convertible Notes to nominate two persons to serve on our Board of Directors. In accordance with the rules of the SEC, the offer will remain open until 12:00 midnight on Monday, July 14, 2003, unless extended.

Except for the changes in terms described herein and the change in the expiration date, all other terms of the exchange offer remain the same.

This prospectus supplement amends, modifies and supercedes certain information included in the original prospectus and prospectus supplement dated May 22, 2003 to reflect the changes in terms described herein and the change to the expiration date. This prospectus supplement should be read in conjunction with the original prospectus and prospectus supplement dated May 22, 2003.

Noteholders who have already tendered their Old Notes pursuant to the exchange offer and who have not withdrawn such Old Notes do not need to take any further action to receive the New Notes or the New Convertible Notes, which will benefit from the changes in terms described herein. Noteholders who wish to tender but have not yet done so should follow the instructions included in the letter of transmittal previously provided.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is June 30, 2003.

THE EXCHANGE OFFER

Amended Terms of the Exchange Offer

The discussion set forth in the original prospectus regarding the terms of the exchange offer is hereby modified, amended and supplemented as follows:

Amended Terms of the New Notes and New Convertible Notes.

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Each of the indentures governing the New Notes and New Convertible Notes, which we refer to as the new indentures, will contain provisions requiring SGI to comply with the conditions described below. Forms of the new indentures have been filed as exhibits to the amended registration statement of which this prospectus supplement forms a part. This summary of certain provisions of the new indentures is qualified by reference to the more detailed provisions of the new indentures, the New Notes and the New Convertible Notes.

Debt Reduction Condition: On or prior to December 31, 2003, we will reduce the aggregate principal amount of 2009 Notes from the amount issued at the closing of the exchange offer by \$25 million (provided that we may purchase up to \$10 million principal amount of Old Notes at a discount of 15% or more from their principal amount, and those purchases will be credited dollar-for-dollar towards the required reduction in principal amount of 2009 Notes). We may satisfy this condition through private or market purchases or by initiating a cash tender offer for the 2009 Notes at par (plus accrued interest) and accepting and paying for a sufficient amount of the 2009 Notes to satisfy this condition. In the event that less than \$25 million in principal amount of the 2009 Notes are tendered, we will satisfy this condition under the indentures if we accept and pay for all 2009 Notes that are tendered.

Covenant Regarding Proceeds of Certain Asset Sales: Until we have satisfied the Debt Reduction Condition in full, we will apply at least 50% of the net cash proceeds from any sale of businesses, sale of SGI equity securities or securities of its affiliates, material fixed assets or patents (other than in connection with a commercial transaction in which the patents are related to the subject matter of the transaction) to the reduction of debt, with amounts being applied to our secured credit facility as required by its terms and otherwise to the purchase or redemption of the 2009 Notes (or to the purchase or redemption of up to \$10 million aggregate principal amount of Old Notes acquired at a discount of 15% or more from their principal amount).

Cash Flow Condition: We will, for the fiscal quarters ending on December 26, 2003 and June 25, 2004, maintain EBITDA (as defined below) of not less than \$0, and for the fiscal quarters ending on March 26, 2004 and September 24, 2004, maintain EBITDA of not less than negative \$5,000,000. EBITDA is defined, for this purpose, for any fiscal quarter, as SGI's consolidated net earnings (or loss), plus net interest expense, income taxes, and depreciation and amortization for such period, as determined in accordance with GAAP and as reported by SGI in the cash flow statement in its quarterly report on Form 10-Q. In all cases, all non-cash restructuring charges and any extraordinary losses for each applicable period will be eliminated in the calculation of EBITDA for purposes of determining compliance with this condition.

If the Cash Flow Condition is not met for any fiscal quarter for which it is required to be met, then (i) the interest rate on the New Notes will increase from 11.75% to 14.75% for such fiscal quarter and (ii) the conversion price of the New Convertible Notes will be reduced from \$1.85 per share to \$1.50 per share for such fiscal quarter.

If the Cash Flow Condition has been satisfied for a fiscal quarter, but the Debt Reduction Condition is not met, then for the relevant quarter (i) the interest rate on the New Notes will increase from 11.75% to 14.75%, and (ii) the conversion price of the New Convertible Notes will be reduced from \$1.85 per share to \$1.50 per share; provided, that if SGI has failed in part to

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meet the Debt Reduction Condition, then the interest rate on the New Notes will be increased for the relevant quarter (a) to 13.75% if the reduction under the Debt Reduction Condition is at least \$10 million and less than \$17.5 million and (b) to 12.75% if the reduction under the Debt Reduction Condition is at least \$17.5 million and less than \$25 million.

If we are required to make an additional interest payment because the Cash Flow Condition or the Debt Reduction Condition is not met for a fiscal quarter in which such conditions are required to be met, we will establish a record date providing for the payment of such additional interest to be made in the next succeeding fiscal quarter.

Governance Condition: After the closing of the exchange offer, we will name to our Board of Directors two independent directors who are reasonably acceptable to the nominating committee of our Board of Directors and who are recommended by written request of the holders of a majority in principal amount of the 2009 Notes. We will include such persons in the "recommended slate" of candidates for the Board at the next annual meeting of shareholders for terms of at least two years. If and for so long as the Debt Reduction Condition or the Cash Flow Condition is not satisfied, then the holders of a majority in principal amount of the 2009 Notes will be entitled to name one additional member of the Board of Directors who is reasonably acceptable to the nominating committee of the Board of Directors. For purposes of this condition, a director will be deemed independent if he or she is not a holder of 2009 Notes or an officer, director, employee or partner of a holder of 2009 Notes.

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To date, the aggregate principal amount of Old Notes that have been tendered, together with commitments received by us from holders who have agreed to tender their Old Notes, subject to the terms of the exchange offer as amended hereby and the rules and regulations of the Securities and Exchange Commission, is approximately \$155.6 million. This amount includes Old Notes tendered by Highfields Capital Management LP, a holder of approximately \$68 million principal amount of Old Notes that has extended the term of its agreement to tender, entered into with us prior to the launch of the exchange offer, from June 30 until July 14, 2003.

Expiration of the Exchange Offer

The term "expiration date" means 12:00 midnight, New York City time, on July 14, 2003, unless we extend the period of time for which this offer is open, in which case the term "expiration date" means the latest time and date on which the offer, as so extended, expires.

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IMPACT ON UNAUDITED PRO FORMA INFORMATION

The reduction in the maximum amount of New Convertible Notes that we will accept in exchange for Old Notes from \$120 million aggregate principal amount to \$78 million aggregate principal amount as a condition to the exchange offer has the following effects on the information presented under the captions "Pro Forma Ratio of Earnings to Fixed Charges" and "Interest Expense" presented in the original prospectus:

UNAUDITED PRO FORMA INFORMATION

The unaudited information below is presented pro forma to reflect the effects of the exchange offer under two alternative scenarios, assuming in each case that 100% of the holders of the Old Notes participate in the exchange offer. Under alternative (1) below, we have assumed that the holders of Old Notes exchange for \$230 million in principal amount of New Notes, and under alternative (2) that holders exchange for \$152 million in principal amount of New Notes and \$78 million in principal amount of New Convertible Notes.

Pro Forma Ratio of Earnings to Fixed Charges

For the fiscal year ended June 28, 2002 and for the nine months ended March 28, 2003, earnings would have been insufficient to cover fixed charges by:

Under alternative (1) \$97.2 million and \$118.5 million, respectively, and

Under alternative (2) \$93.1 million and \$115.5 million, respectively.

Pro Forma Interest Expense

For the fiscal year ended June 28, 2002 and for the nine months ended March 28, 2003, the Company's interest expense would have been:

Under alternative (1) \$27.0 million and \$20.3 million, respectively, and

Under alternative (2) \$22.9 million and \$17.2 million, respectively.

Actual interest expense for the corresponding periods was \$12.1 million and \$9.1 million, respectively.

PROCEDURE FOR TENDERING NOTES

Noteholders who have already tendered their Old Notes pursuant to the exchange offer and who have not withdrawn such Old Notes do not need to take any further action to receive the New Notes or New Convertible Notes.

Noteholders who wish to tender but have not yet done so should follow the instructions included in the letter of transmittal previously provided. As a result of the extension of the offer, tendering noteholders are entitled to withdraw tendered Old Notes until 12:00 midnight, New

York City time, on July 14, 2003.

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U.S. Bank National Association is the Exchange Agent for the offer and will process tenders and withdrawals of Old Notes in the exchange offer. All executed letters of transmittal and notices of guaranteed delivery should be directed to the Exchange Agent and questions or requests for assistance or additional copies of the original prospectus and this prospectus supplement and related letter of transmittal may be directed to it at one of its addresses set forth below:

U.S. BANK NATIONAL ASSOCIATION

By Mail:
U.S. Bank National Association
Corporate Trust Services
(Silicon Graphics, Inc.)
St. Paul, MN 55101

By Facsimile:
(651) 244-1537

By Hand or Overnight Courier:
U.S. Bank National Association
Corporate Trust Services
(Silicon Graphics, Inc.)
St. Paul, MN 55101

Confirm Facsimile by Telephone:
(651) 244-8161

The Information Agent for the exchange offer is MacKenzie Partners, Inc. Questions and requests for assistance may be directed to the Information Agent at its address and telephone number set forth below. Additional copies of the original prospectus, the notice of guaranteed delivery and this prospectus supplement and letter of transmittal may also be obtained from the Information Agent.

MacKENZIE PARTNERS, INC.

105 Madison Avenue
New York, New York 10016
Call collect: 212-929-5500
Call toll-free: 800-322-2885

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Silicon Graphics, Inc.

SGI is a corporation organized under Delaware law. Pursuant to the statutes of the State of Delaware, a director or officer of a corporation is entitled, under specified circumstances, to indemnification by the corporation against reasonable expenses, including attorney's fees, incurred by him/her in connection with the defense of a civil or criminal proceeding to which he/she has been made, or threatened to be made, a party by reason of the fact that he/she was such director or officer. In certain circumstances, indemnity is provided against judgments, fines and amounts paid in settlement.

In general, indemnification is available where the director or officer acted in good faith, for a purpose he/she reasonably believed to be in the best interests of the corporation. Specific court approval is required in some cases. The foregoing statement is subject to the detailed provisions of Sections 715, 717 and 721-725 of the Delaware Business Corporation Law.

The SGI by-laws provide that SGI is authorized, to the fullest extent permitted by applicable law, to provide indemnification and to advance expenses to its directors and officers in respect of claims, actions, suits or proceedings based upon, arising from, relating to or by reason of the fact that any such director or officer serves or served in such capacity with SGI or at the request of SGI in any capacity with any other enterprise.

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The directors and officers of SGI are covered by insurance policies indemnifying against certain liabilities, including certain liabilities arising under the Securities Act, that might be incurred by them in such capacities.

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Item 21. Exhibits and Financial Statement Schedules

Exhibit No.	Document
3.1	Restated Certificate of Incorporation of Silicon Graphics, Inc.*
3.2	Amended and Restated By-laws of Silicon Graphics, Inc.**
4.1	Form of Indenture, dated as of September 1, 1997 between SGI and State Street Bank and Trust Company of California, N.A., as trustee for the Old Notes***
4.2	Form of Indenture to be entered into between SGI and U.S. Bank National Association, as trustee for the New Notes
4.3	Form of Indenture to be entered into between SGI and U.S. Bank National Association, as trustee for the New Convertible Notes
5.1	Opinion of Davis Polk & Wardwell with respect to the New Notes and the New Convertible Notes****
10.1	Agreement to Tender dated April 18, 2003 between SGI and Highfields Capital Management LP*****
10.2	Form of Letter Agreement to Participate in Exchange Offer
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges
23.1	Consent of Ernst & Young LLP, Independent Auditors
23.2	Consent of Davis Polk & Wardwell (included in Exhibit 5.1)*****
25.1	Statement of Eligibility on Form T-1 of U.S. Bank National Association, as Trustee for the New Notes*****
25.2	Statement of Eligibility on Form T-1 of U.S. Bank National Association, as Trustee for the New Convertible Notes*****
99.1	Form of Letter of Transmittal*****
99.2	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees*****
99.3	Form of Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees*****
99.4	Form of Notice of Guaranteed Delivery*****
99.5	Form of Instructions to Registered Holder and/or Book-Entry Transfer Participant from Owner*****

*

Incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q filed on November 14, 1994.

**

Incorporated by reference to Exhibit 3.2 to our Annual Report on Form 10-K filed on October 15, 2001.

Incorporated by reference to our Amended Registration Statement on Form S-4/A, filed on August 7, 1997.

Previously filed.

Item 22. Undertakings

(a) The undersigned hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 11 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. If a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by one of our directors, officers or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the notes being registered, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES FOR SILICON GRAPHICS, INC.

Pursuant to the requirements of the Securities Act of 1933, Silicon Graphics, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing and has duly caused this amendment no. 4 to its registration statement on Form S-4 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mountain View, State of California, on June 30, 2003.

SILICON GRAPHICS, INC.

By: /s/ Sandra Escher

Name: Sandra Escher

Title: Senior Vice President and General Counsel

Pursuant to the requirements of the Securities Act of 1933, this amendment no. 4 to the registrant's registration statement on Form S-4 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Capacity	Date
* _____ Robert R. Bishop	Chairman and Chief Executive Officer (Principal Executive Officer)	June 30, 2003
* _____ Jeffrey V. Zellmer	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	June 30, 2003
* _____ Kathy Lanterman	Vice President and Corporate Controller (Principal Accounting Officer)	June 30, 2003
* _____	Director	June 30, 2003

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<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<hr/> <hr/> Arthur L. Money *	Director	June 30, 2003
<hr/> James A. McDivitt *	Director	June 30, 2003
<hr/> Charles Steinberg *	Director	June 30, 2003
<hr/> Dr. Robert M. White	Director	June 30, 2003
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<hr/> * Dr. Lewis S. Edelheit *	Director	June 30, 2003
<hr/> Anthony R. Muller	Director	June 30, 2003
By: /s/ SANDRA ESCHER <hr/> Sandra Escher	*Attorney-in Fact	
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