SILICON GRAPHICS INC /CA/
Form S-4
April 21, 2003

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As filed with the Securities and Exchange Commission on April 21, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

SILICON GRAPHICS, INC.

Delaware	**3571**	**94-2789662**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**1600 Amphitheatre Parkway
Mountain View, California 94043
(650) 960-1980**

(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: o

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. o

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. o

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)
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.

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.

(SUBJECT TO COMPLETION) DATED APRIL 21, 2003

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus 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

Silicon Graphics, Inc.

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 (CUSIP No. 827056AC)

We are offering 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 and, together with the New Notes, referred to as the 2009 Notes, for an equal principal amount of our 5.25% Senior Convertible Notes Due 2004, referred to as the Old Notes, that is properly tendered and accepted for exchange on the terms set forth in this prospectus and in the accompanying Letter of Transmittal, which we refer to together as the exchange offer.

You may choose to exchange your Old Notes entirely for New Notes, entirely for New Convertible Notes or for any combination thereof. If more than $120 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.

The exchange offer is subject to important conditions, including that at least 90% in principal amount of the Old Notes are properly tendered by the expiration of the exchange offer. See page 26 for how to tender Old Notes. Highfields Capital Management LP, which holds approximately $68 million principal amount of the Old Notes representing approximately 29% of the total Old Notes outstanding, has agreed to tender its Old Notes for New Notes.

The exchange offer will expire at midnight New York City time on May 16, 2003, unless we extend it. We will announce any extensions by press release or other permitted means no later than 9:00 a.m. on the day after expiration of the exchange offer. You may withdraw any notes tendered until the expiration of the exchange offer.

The Old Notes are traded on the New York Stock Exchange and the reported last sale price for $1,000 principal amount of Old Notes was $780.00 on April 17, 2003. We will apply to list the New Notes and the New Convertible Notes on the New York Stock Exchange.

The exchange offer is described in detail in this prospectus, and we urge you to read it carefully, including the risk factors beginning on page 17.

Neither our Board of Directors nor any other person is making any recommendation as to whether you should choose to exchange your Old Notes for New Notes or for New Convertible Notes, or whether you should exchange your Old Notes at all.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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You should rely only on information contained in this prospectus. No one is authorized to provide you with information that is different from that contained in this prospectus. The contents of any websites referred to in this prospectus are not part of this prospectus.

We are offering to sell, and are seeking offers to buy, the New Notes and the New Convertible Notes only in jurisdictions where offers and sales are permitted. The information contained in this prospectus statement is accurate only as of its date regardless of the time of delivery of this prospectus statement or of any sale of the New Notes and the New Convertible Notes.

This prospectus incorporates important business and financial information about the Company that is not included in or delivered with this document. This information is available without charge to security holders upon written or oral request to Office of the Corporate Secretary, Silicon Graphics, Inc., 1600 Amphitheatre Parkway, Mountain View, California 94043, (650) 960-1980. **In order to obtain timely delivery, security holders must request the information no later than five business days prior to the expiration date.**

SUMMARY

This summary highlights selected information from this document and may not contain all of the information that is important to you. To understand the exchange offer better, you should read this entire document carefully, as well as those additional documents to which we refer you. See "Where You Can Find More Information." References in this prospectus to "SGI", "we", "us", "our", "the company" and "our company" refer to Silicon Graphics, Inc. and its consolidated subsidiaries unless otherwise specified.

THE EXCHANGE OFFER

The Exchange Offer

SGI is offering to exchange $1,000 principal amount of either New Notes or New Convertible Notes for each $1,000 principal amount of Old Notes accepted for exchange. Upon expiration of the exchange offer, we will also pay accrued and unpaid interest up to the date of acceptance on Old Notes accepted for exchange.

Purpose of the Exchange Offer

We do not currently believe that we will be able to generate sufficient cash to repay the Old Notes in full at maturity on September 1, 2004. Our unrestricted cash, cash equivalents and marketable investments declined from $182 million at December 27, 2002 to $141 million at March 28, 2003. The working capital requirements of our business result in substantial fluctuations in our cash balances during fiscal quarters. We would be unable to repurchase or repay at maturity any significant portion of the Old Notes without depleting our cash balance to a level that would be insufficient to support our business. If we are unable to complete the Exchange Offer there is a substantial risk that uncertainty about our ability to repay or refinance the Old Notes could erode customer confidence which would have a material adverse effect on our business. We believe this uncertainty would be one of the factors considered by our independent auditors in evaluating our ability to continue as a going concern in connection with their audit of our financial statements as of June 27, 2003. In addition, we would be in default under our secured credit facility if we fail to complete the exchange offer or otherwise to refinance 90% of the Old Notes prior to March 4, 2004. Therefore unless we are able to refinance the Old Notes prior to maturity, there is a substantial risk of default.

The purpose of the exchange offer is to offer holders of the Old Notes an increase in yield (and in the case of the New Convertible Notes, a decrease in the conversion price of their investment) in return for an extension of the maturity. If the exchange offer is successful, it will provide time to return our business to profitability and positive cash flow.

Proration

We will issue up to $120 million aggregate principal amount of New Convertible Notes in exchange for Old Notes. If holders of the Old Notes validly tender more than $120 million in Old Notes in exchange for New Convertible Notes, then we will allot the New Convertible Notes to be issued on a pro rata basis, based on the amount of Old Notes tendered for New Convertible Notes. Old Notes not exchanged for New Convertible Notes because of proration will be exchanged for New Notes.

Agreement to Tender Old Notes

Highfields Capital Management LP has agreed to tender all its Old Notes for New Notes. Highfields holds approximately $68 million principal amount of the Old Notes representing approximately 29% of the total outstanding.

Conditions to Exchange Offer

The exchange offer is subject to various conditions, including that at least 90% of the outstanding principal amount of Old Notes be validly tendered and not withdrawn by the expiration of the exchange offer, and that the registration statement and any post-effective amendment to the registration statement covering the 2009 Notes be effective under the Securities Act of 1933, as amended.

Expiration of the Exchange Offer

The exchange offer will expire at midnight New York City time on May 16, 2003 unless we decide to extend it. We may extend the expiration date for any reason. If we decide to extend it, we will announce any extensions by press release or other permitted means no later than 9:00 a.m. on the day after the scheduled expiration of the exchange offer.

Tenders and Withdrawals of Notes

In order to tender Old Notes, you must submit the notes together with a properly completed letter of transmittal and the other agreements and documents described in this document. If you own Old Notes held through a broker or other third party, or in "street name", you will need to follow the instructions in this document on how to instruct them to tender the notes on your behalf, as well as submit a letter of transmittal and the other documents described in this document. We will determine in our sole discretion whether any Old Notes have been properly tendered. Please carefully follow the instructions contained in this document on how to tender your notes.

If you decide to tender Old Notes in the exchange offer, you may withdraw them at any time prior to the expiration of the exchange offer.

If we decide for any reason not to accept any Old Notes for exchange, they will be returned without expense promptly after the expiration of the exchange offer.

Please see pages 26 through 29 for instructions on how to tender or withdraw your Old Notes.

Acceptance of Old Notes

We will accept all Old Notes validly tendered and not withdrawn as of the expiration of the exchange offer and will issue the 2009 Notes promptly after acceptance of the Old Notes. We will accept Old Notes for exchange after the Exchange Agent has received a timely book-entry confirmation of transfer of Old Notes into the Exchange Agent's DTC account and a properly completed and executed letter of transmittal. Our oral or written notice of acceptance to the Exchange Agent will be considered our acceptance of the exchange offer.

Accrued Interest on Existing Notes

Upon completion of our exchange offer, we will pay exchanging holders accrued and unpaid interest on their Old Notes through the date of acceptance.

Amendment of the Exchange Offer

We reserve the right not to accept any of the notes tendered, and to otherwise interpret or modify the terms of this exchange offer, provided that we will comply with applicable laws that require us to extend the period during which notes may be tendered or withdrawn as a result of changes in the terms of or information relating to the exchange offer.

Use of Proceeds; Fees and Expenses of the Exchange Offer

We will not receive any cash proceeds from this exchange offer. Old Notes that are properly tendered and exchanged pursuant to the exchange offer will be retired and canceled. Accordingly, our issuance of 2009 Notes will not result in any cash proceeds to us. We estimate that the approximate total cost of the exchange offer will be $4.1 million.

Taxation

We believe that the exchange of Old Notes for 2009 Notes should be treated as a recapitalization for U.S. federal income tax purposes. Accordingly, holders of Old Notes who participate in the exchange offer should not recognize gain or loss in connection with the exchange.

The 2009 Notes may be treated as issued with original issue discount for U.S. federal income tax purposes. If that is the case, holders will generally be required to include original issue discount on the 2009 Notes in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest, before the receipt of cash payments attributable to this income.

Please see "Material United States Federal Income Tax Considerations" beginning on page 32.

SGI

SGI, a Delaware corporation incorporated in California in 1981 and reincorporated in Delaware in 1990, is a leader in high-performance computing, visualization and the management of large-scale complex data. We sell highly scalable servers, advanced visualization systems, desktop workstations, storage solutions and a range of software products which enable our customers in the scientific, technical and creative communities to solve their most challenging problems and provide them with strategic and competitive advantages in their marketplace. We also offer a range of technical solutions, including professional services, Reality Center immersive visualization centers, customer support and education. These products and services are targeted primarily towards five market segments: Government and Defense, Science, Manufacturing, Energy, and Media.

We maintain offices worldwide and operate a manufacturing facility in Chippewa Falls, Wisconsin. Our principal executive offices are located at 1600 Amphitheatre Parkway, Mountain View, California 94043. Our U.S. telephone number is (650) 960-1980.

Our common stock is traded on the New York Stock Exchange under the symbol "SGI". For additional information concerning SGI, please see "Where You Can Find More Information" on page 56.

RECENT DEVELOPMENTS

In April 2003 we renewed at maturity our asset-based credit facility with Foothill Capital Corporation, referred to in this prospectus as our "secured credit facility". Available credit under the amended facility is now based on a broader definition of eligible accounts receivable and inventory, up to a maximum of $50 million available credit. Utilization of the facility to support letters of credit in an aggregate amount above the eligible accounts on a monthly basis will require cash collateral. At March 28, 2003 this facility was collateralized by restricted cash deposits of $35 million to secure our $49 million utilization of the line for letters of credit. We believe that the broader definition of eligible accounts in the renewed facility will substantially reduce the need for additional cash collateral in future periods. The facility contains financial and other covenants. We were not in compliance with the financial covenants in the previous facility in the third quarter of fiscal 2003, and these covenants were waived. The facility will mature in April 2005, subject to acceleration in the event we do not successfully extend the maturity of at least 90% principal amount of our Old Notes (including through this exchange offer) or otherwise deal with the obligation represented by the Old Notes in a manner satisfactory to Foothill in its sole discretion on or before March 5, 2004. If we fail to do so, the maturity of the credit facility will accelerate to the date that is 91 days before the maturity of the Old Notes.

On April 21, 2003 we announced our results for the quarter ended March 28, 2003. Revenue for the quarter was $217.1 million, compared with $262.7 million for the previous quarter. Gross margin was 37.1%, compared to 43.5% for the previous quarter. Operating expenses were $128.4 million, compared to $122.8 million for the previous quarter. This resulted in an operating loss of $47.9 million compared to $8.6 million for the previous quarter and a net loss of $35.0 million compared with $17.0 million. Unrestricted cash, cash equivalents and marketable investments declined from $182.0 million at December 27, 2002 to $141.0 million at March 28, 2003.

SUMMARY COMPARISON OF OLD NOTES TO 2009 NOTES

The following comparison of the terms of the Old Notes to the terms of the New Notes and New Convertible Notes is only a summary. For a more detailed description of the terms of the Old Notes and terms common to all of the notes, please see "Description of the Old Notes." For a more detailed description of the differences between our New Notes and our New Convertible Notes, and of the differences between those notes and the Old Notes, please see "Description of the 2009 Notes".

	Old Notes	New Notes	New Convertible Notes
Issuer	Silicon Graphics, Inc.	Silicon Graphics, Inc.	Silicon Graphics, Inc.
Notes Offered	$230,000,000 aggregate principal amount of 5.25% Senior Convertible Notes Due 2004 issued under an indenture dated September 7, 1997 between us and U.S. Bank National Association, as trustee.	Up to $230,000,000 aggregate principal amount of 11.75% Senior Notes Due 2009, issued under an indenture to be entered into between us and U.S. Bank National Association, as trustee.	Up to $120,000,000 aggregate principal amount of 6.50% Senior Convertible Notes Due 2009, issued under an indenture to be entered into between us and U.S. Bank National Association, as trustee.
Interest Payment Dates	Payable on March 1 and September 1 of each year.	Payable on January 1 and July 1 of each year, commencing January 1, 2004.	Same terms as New Notes.
Interest	5.25% per annum in cash.	11.75% per annum in cash accruing from the first date after the expiration of the exchange offer.	6.50% per annum in cash accruing from the first date after the expiration of the exchange offer.
Maturity	September 1, 2004	July 1, 2009	July 1, 2009
Conversion	Convertible at the option of the holder into shares of common stock at a conversion price equal to $18.70 per share, subject to adjustment in certain events.	Not convertible.	Convertible at the option of the holder into shares of common stock at a conversion price equal to $3.00 per share, subject to adjustment in certain events.
Subordination	The Old Notes are unsubordinated and rank pari passu with all of our other unsubordinated indebtedness.	Same terms as Old Notes.	Same terms as Old Notes.

Redemption at the Option of the Company	The Old Notes are redeemable at our option, in whole or in part, on not less than 30 days' nor more than 60 days' notice, at the following	The New Notes are redeemable at our option, in whole or in part, on not less than 10 days' nor more than 60 days' notice, at the following	The New Convertible Notes are not redeemable for the first two years following issuance. In the third year following issuance, the New

	redemption prices in effect during the 12-month period beginning September 1 of each of the following years (expressed as percentages of the principal amount), plus accrued and unpaid interest thereon to, but excluding, the redemption date: 100.75% in 2003 and 100% at September 1, 2004.	redemption prices in effect during the 12-month period beginning July 1 of each of the following years (expressed as percentages of the principal amount), plus accrued and unpaid interest thereon to, but excluding, the redemption date: 105% in 2003 104% in 2004 103% in 2005 102% in 2006 101% in 2007 100% thereafter until maturity	Convertible Notes may be redeemed at our option, in whole or in part, on not less than 10 days' nor more than 60 days' notice, at 100% of the principal amount thereof, plus accrued and unpaid interest thereon to, but excluding, the redemption date, provided that the closing price of our common stock has been at least 150% of the then-applicable conversion price for the 20 consecutive trading days ending two trading days prior to the notice of redemption. Thereafter, New Convertible Notes may be redeemed at our option, in whole or in part, at 100% of the principal amount thereof, plus accrued and unpaid interest thereon to, but excluding, the redemption date.
Redemption at the Option of the Holder upon a Fundamental Change	If a Fundamental Change occurs at any time prior to September 1, 2004, each holder of Old Notes will have the right, at the holder's option, to require us to redeem any or all of that holder's Old Notes at a price determined by a formula based upon the price paid to common shareholders as a result of such Fundamental Change, or if consideration other than cash is paid, based on the market price of our common stock during the 10 trading days prior to the record date in connection with such Fundamental Change. Based upon an assumed price of $3.00 per common share, such redemption price would be $161.63 per $1,000 principal amount until September 1, 2003 and $160.43 thereafter.	If a Fundamental Change occurs at any time prior to July 1, 2009, each holder of New Notes will have the right, at the holder's option, to require us to redeem any or all of its New Notes at 100% of the principal amount thereof, plus accrued and unpaid interest thereon to, but excluding, the repurchase date.	Same terms as New Notes.

Events of Default	Default in payment of principal, or default for 30 days in payment of interest, Failure to cure within 60 days a default on any other agreements in the Old Notes or old indenture, or Certain events of bankruptcy or insolvency.	Same terms as for Old Notes, except that any event of default under our secured credit facility, the old indenture, or either of the new indentures that results in the principal amount of and accrued interest on that debt becoming immediately due and payable will also be an event of default under both new indentures.	Same terms as New Notes.
Listing	The Old Notes are listed on the New York Stock Exchange.	We intend to apply to list the New Notes on the New York Stock Exchange.	We intend to apply to list the New Convertible Notes on the New York Stock Exchange.
Covenants	The indenture governing the Old Notes contains a covenant limiting our ability to: consolidate or merge with, or sell substantially all our assets to, another person.	Same terms as the Old Notes, except that the indenture governing the New Notes will contain covenants limiting our ability to: incur additional debt,	Same terms as New Notes.

	pay dividends on our capital stock, and redeem or repurchase capital stock or prepay or repurchase subordinated debt. See "Description of the 2009 Notes Restriction on Additional Indebtedness" and " Restricted Payments" for a description of these covenants.

THE INFORMATION AGENT

The information agent for the exchange offer will be MacKenzie Partners, Inc. The address and telephone number of the information agent are as follows:

105 Madison Avenue
New York, New York 10016
(212) 929-5500 (Call Collect)
or

Call Toll-Free (800) 322-2885

Email: proxy@mackenziepartners.com

THE EXCHANGE AGENT

U.S. Bank National Association will act as exchange agent for purposes of processing tenders and withdrawals of Old Notes in the exchange offer. The address and telephone number of the exchange agent are as follows:

U.S. Bank National Association
Corporate Trust Services
(Silicon Graphics, Inc.)
180 East Fifth Street
St. Paul, MN 55101
Telephone (651) 244-8161
Facsimile (651) 244-1537

We will pay the exchange agent and information agent reasonable and customary fees for their services and will reimburse them for all their reasonable out-of-pocket expenses.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF SGI

The selected historical financial data as of and for each of the five years ended June 28, 2002, June 30, 2001, June 30, 2000, June 30, 1999 and June 30, 1998 have been derived from our audited consolidated financial statements. These selected historical data are not necessarily indicative of future operations. Several factors affect comparability of the information presented below. For example, we sold our Cray product line and distributed our remaining interest in MIPS Technologies, Inc. to our stockholders in the third and fourth quarters, respectively, of fiscal 2000 and sold a majority interest in our SGI Japan subsidiary to NEC in the second quarter of fiscal 2002.

The selected financial data as of and for the six-month periods ended December 27, 2002 and December 28, 2001 are derived from unaudited consolidated financial statements incorporated by reference in this prospectus. The interim results for the six month period ended December 27, 2002 are not necessarily indicative of results that may be expected for the entire fiscal year ending June 27, 2003 or for future interim periods.

These selected historical financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and accompanying notes included in our 2002 Annual Report on Form 10-K and the consolidated financial statements and accompanying notes included in our Quarterly Report on Form 10-Q for the quarter ended December 27, 2002, both incorporated into this prospectus by reference.

	Fiscal Years Ended					Six Months Ended	
	June 28, 2002 (fiscal 2002)	**June 30, 2001 (fiscal 2001)**	**June 30, 2000(1) (fiscal 2000)**	**June 30, 1999 (fiscal 1999)**	**June 30, 1998 (fiscal 1998)**	**December 27, 2002**	**December 28, 2001**
	(in thousands, except per share amounts)						
Operating Data:							
Total revenue	$ 1,341,385	$ 1,854,461	$ 2,331,134	$ 2,748,957	$ 3,100,610	$ 504,456	$ 743,280
Costs and expenses:							
Cost of revenue	770,412	1,247,713	1,503,525	1,603,250	1,963,551	292,817	422,906
Research and development	176,893	236,240	301,248	380,346	459,188	85,563	89,715
Selling, general and administrative	450,365	716,591	785,196	907,612	1,068,429	160,863	254,831
Other operating expense (recovery)(2)	44,476	102,052	102,861	(15,107)	205,543	14,261	32,032
Operating loss	(100,761)	(448,135)	(361,696)	(127,144)	(596,101)	(49,048)	(56,204)
Interest and other income (expense), net(3)	18,502	(18,020)	(20,188)	252,865	(818)	(8,008)	31,207
(Loss) income before income taxes	$ (82,259)	$ (466,155)	$ (381,884)	$ 125,721	$ (596,919)	$ (57,056)	$ (24,997)
Net (loss) income	$ (46,323)	$ (493,043)	$ (829,544)	$ 53,829	$ (459,627)	$ (58,069)	$ (19,970)
Net (loss) income per share:							
Basic	$ (0.24)	$ (2.59)	$ (4.52)	$ 0.29	$ (2.47)	(0.29)	(0.10)
Diluted	$ (0.24)	$ (2.59)	$ (4.52)	$ 0.28	$ (2.47)	(0.29)	(0.10)
Shares used in the calculation of net (loss) income per share:							
Basic	194,974	190,338	183,528	186,374	186,149	200,212	192,490
Diluted	194,974	190,338	183,528	189,427	186,149	200,212	192,490

	As of					As of
	June 28, 2002 (fiscal 2002)	June 30, 2001 (fiscal 2001)	June 30, 2000 (fiscal 2000)	June 30, 1999 (fiscal 1999)	June 30, 1998 (fiscal 1998)	December 27, 2002
Balance Sheet Data:						
Cash, cash equivalents and unrestricted investments	$ 218,180	$ 126,107	$ 258,081	$ 688,143	$ 736,720	$ 182,005
Restricted investments	44,689	76,853	126,408	94,226		38,826
Working capital (deficiency)	94,665	(41,884)	58,781	869,980	968,700	69,096
Total assets	910,119	1,283,029	1,839,211	2,788,257	2,964,706	775,441
Long-term debt and other	427,812	412,720	385,133	387,005	403,522	421,310
Stockholders' (deficit) equity	(54,641)	(25,283)	592,550	1,424,199	1,464,512	(107,989)
Statistical Data:						
Number of employees	4,443	5,956	6,726	9,191	10,286	4,159

(1)

Amounts reflect the March 31, 2000 sale of our Cray product line.

(2)

Fiscal 2002 amounts include net restructuring charges ($33 million) and impairment charges ($12 million). Fiscal 2001 amounts include net restructuring charges ($82 million) and impairment charges ($20 million). Fiscal 2000 amounts include net restructuring charges ($65 million) and impairment charges ($38 million). Fiscal 1999 amounts include a reduction in previously estimated restructuring charges ($14 million). Fiscal 1998 amounts include restructuring charges ($144 million), a charge for long-lived asset impairment ($47 million) and a write-off of acquired in-process technology ($17 million). Six months ended December 27, 2002 amounts include net restructuring charges ($13 million) and impairment charges ($1 million). Six months ended December 28, 2001 include net restructuring charges ($22 million) and impairment charges ($10 million).

(3)

Fiscal 2002 amounts include a $64 million gain on sale of 60% interest in SGI Japan and $24 million in class action lawsuit settlement expense. Fiscal 2001 amounts include an $83 million write-off of our investment in a private company and $50 million in gains from the sale of marketable investments. Fiscal 2000 amounts include a loss on the sale of the Cray product line ($8 million). Fiscal 1999 amounts include a $273 million gain on the sale of a portion of SGI's interest in MIPS Technologies, Inc. Six months ended December 28, 2001 include a $64 million gain on sale of 60% interest in SGI Japan offset in part by $21 million in class action lawsuit settlement expense.

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RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for the fiscal year ended June 30, 1999 was 4.3. For the fiscal years ended June 28, 2002, June 30, 2001, June 30, 2000 and June 30, 1998 and for the six months ended December 27, 2002, earnings were insufficient to cover fixed charges by $82.3 million, $466.2 million, $381.9 million, $596.9 million, and $57.1 million, respectively, and for this reason no ratios are provided for these periods.

BOOK VALUE PER SHARE

At December 27, 2002, book value per share was $(0.54).

UNAUDITED PRO FORMA INFORMATION

The unaudited information below is presented pro forma to reflect the effects of the exchange offer under two scenarios, assuming in each case that 100% of 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 the holders of Old Notes exchange for $110 million in principal amount of New Notes and $120 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 six months ended December 27, 2002, earnings would have been insufficient to cover fixed charges by:

under alternative (1) $97.2 million and $64.5 million, respectively, and

under alternative (2) $90.9 million and $61.4 million, respectively.

Interest Expense

For the fiscal year ended June 28, 2002 and for the six months ended December 27, 2002 the Company's interest expense related to the 2009 Notes would have been:

under alternative (1), $27 million and $13.5 million, respectively, and

under alternative (2), $20.7 and $10.4 million, respectively.

Actual interest expense for the corresponding periods was $12.1 million and $6.1 million, respectively.

MARKET AND MARKET PRICES

Our common stock and the Old Notes currently trade on the NYSE under the symbols "SGI" and "SGI 04", respectively. The last reported sale price of our common stock on the NYSE on April 17, 2003 was $1.45. The reported last sale price per Old Note on the NYSE on April 17, 2003 was $78.00. As of March 28, 2003 there were 202,218,949 shares of common stock outstanding.

Our Common Stock

The following table sets forth the high and low sale prices per share of our common stock on the New York Stock Exchange for the periods indicated. For current price information, you should consult publicly available sources.

	High	Low
Fiscal 2001		
First Quarter	1.28	0.32
Second Quarter	2.40	0.44
Third Quarter	4.61	2.10
Fourth Quarter	4.16	2.50
Fiscal 2002		
First Quarter	5.00	3.56
Second Quarter	4.56	3.12
Third Quarter	5.00	3.56
Fourth Quarter	4.00	1.02

	High	Low
Fiscal 2003		
First Quarter	2.90	0.80
Second Quarter	1.72	0.56
Third Quarter	1.85	1.07
Fourth Quarter (through April 17, 2003)	1.61	1.36

Our Old Notes

The following table sets forth the high and low sale prices paid for the Old Notes for the periods indicated. For current price information, you should consult publicly available sources.

	High	Low
Fiscal 2001		
First Quarter	63.75	61.00
Second Quarter	68.50	61.00
Third Quarter	68.00	53.00
Fourth Quarter	62.00	57.125
Fiscal 2002		
First Quarter	60.00	22.00
Second Quarter	24.00	11.50
Third Quarter	59.00	20.00
Fourth Quarter	76.00	57.00
Fiscal 2003		
First Quarter	75.00	60.00
Second Quarter	66.00	40.00
Third Quarter	68.130	40.00
Fourth Quarter (through April 17, 2003)	79.875	61.00

RISK FACTORS

SGI operates in a rapidly changing environment that involves a number of risks, some of which are beyond our control. Additionally, in recent years SGI has experienced declining revenue and substantial operating losses. Some of the risks related to the environment in which we operate and our current financial condition are highlighted below under the caption "Risks Relating to Our Business." An investment in the 2009 Notes involves its own set of risks. Risks related specifically to your participation in the exchange offer and ownership of the 2009 Notes are discussed under the caption "Risks Relating to the Exchange Offer".

You should carefully consider the risks described below in deciding whether to tender your Old Notes.

Risks Relating to the Exchange Offer

If the exchange offer is unsuccessful we may be unable to repay the Old Notes at maturity.

We do not currently believe that we will be able to generate sufficient cash to repay the Old Notes at maturity on September 1, 2004. Our unrestricted cash, cash equivalents and marketable investments declined from $182 million at December 27, 2002 to $141 million at March 28, 2003. The working capital requirements of our business result in substantial fluctuations in our cash balances during fiscal quarters. We would be unable to repurchase or repay the Old Notes at maturity without depleting our cash balance to a level that would be insufficient to support our business.

Failure to complete the exchange offer would have a material adverse effect on our business.

If we are unable to complete the exchange offer, there is a substantial risk that uncertainty about our ability to repay or refinance the Old Notes could erode customer confidence which would have a material adverse effect on our business. We believe this uncertainty would be one of the factors considered by our independent auditors in evaluating our ability to continue as a going concern in connection with their audit of our financial statements as of June 27, 2003. In addition, we would be in default under our secured credit facility if we fail to complete the exchange offer or otherwise refinance 90% of the Old Notes prior to March 5, 2004. Therefore unless we are able to refinance the Old Notes prior to maturity, there is a substantial risk of default.

The Old Notes and the 2009 Notes are unsecured obligations of SGI and will be effectively subordinated to our obligations to our secured creditor.

The Old Notes and the 2009 Notes are unsecured obligations of SGI and are effectively subordinated to our secured debt. As of March 28, 2003 we were utilizing $49 million available under our secured credit facility which is secured by our U.S. accounts receivable, inventory, intellectual property and $35 million in restricted cash on deposit as of that date. See "Summary Recent Developments" for a description of the terms on which we renewed our secured credit facility in April 2003. In the event of our insolvency, the assets securing this facility would be available to satisfy the claims of our secured lender prior to any application of those assets to payment of other creditors, including the holders of the Old Notes or the 2009 Notes. Further, the indentures governing the 2009 Notes will limit but not prohibit the incurrence of senior debt or the incurrence of other debt and liabilities by us. The incurrence of additional debt and other liabilities could impede our ability to pay obligations on our 2009 Notes.

Our interest expense will increase as a result of the exchange offer.

Because the Old Notes bear interest at the rate of 5.25% and the New Notes and New Convertible Notes will pay 11.75% and 6.50% respectively, our interest expense will increase significantly as a result

of the exchange offer. The extent of the increase will depend on the proportion of New Notes and New Convertible Notes issued in the exchange offer. If the maximum of $120 million in New Convertible Notes were issued, our annual interest expense related to the notes would increase from its current level of approximately $12.1 million to $20.4 million. If the Old Notes were exchanged exclusively for New Notes, the annual interest expense would be approximately $27 million.

We may be unable to repay our 2009 Notes.

At maturity, the entire principal amount of our New Notes and the outstanding principal amount of the New Convertible Notes will become due and payable. The 2009 Notes do not have the benefit of a sinking fund or other requirement that we prepay principal. At maturity we may not have sufficient funds and may be unable to arrange for additional financing to pay the principal amount or repurchase price due on our 2009 Notes then outstanding.

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Less: net income attributable to noncontrolling interests

—

—

0.3

—

—

—

3.3

0.1

Net income attributable to Bemis Company, Inc.

$
47.4

3.7
%

$
55.9

4.1

%

$
133.7

3.4
%

$
161.3

4.0
%

Effective income tax rate

36.1
%

35.5
%

35.9
%

36.2
%

Diluted earnings per share

$
0.45

$
0.53

$
1.27

$
1.51

3

Overview

Bemis Company, Inc. is a leading global manufacturer of flexible packaging and pressure sensitive materials supplying a variety of markets. Historically about 65 percent of our total net sales are to customers in the food industry. Sales of our flexible packaging products are widely diversified among food categories and can be found in nearly every aisle of the grocery store. Our emphasis on supplying packaging to the food industry has typically provided a more stable market environment for our Flexible Packaging business segment, which accounts for approximately 90 percent of our net sales. Our remaining net sales are from our Pressure Sensitive Materials business segment which, while diversified in end use products, is less focused on food industry applications and more exposed to economically sensitive end markets.

Market Conditions

The markets into which our products are sold are highly competitive. Our leading flexible packaging market positions in packaging for perishable food and medical device products reflect our focus on value-added, proprietary products. We also manufacture products for which our technical know-how and economies of scale offer us a competitive advantage. The primary raw materials for our business segments are polymer resins, films, paper, ink, adhesives, and aluminum.

Over the past several years, global economic conditions have been weak and prices of food products have increased. While economic growth in Latin America and Asia has exceeded that of North America and Europe, the pace of growth in these regions has slowed over the past 12 months. As a result, we have generally experienced a slowdown in demand in the various geographic regions in which we operate. In addition, foreign currency exchange rates have weakened against the U.S. dollar during 2012, reducing operating results reported from our foreign operations as it is translated to U.S. dollars in our consolidated financial statements.

Facility Consolidation

During the fourth quarter of 2011, we initiated a facility consolidation program to improve efficiencies and reduce fixed costs. As a part of this program, we announced the planned closure of five facilities. Most of the production from these five facilities is being transferred to other facilities. As of September 30, 2012, manufacturing operations had ceased at four of these manufacturing facilities. The most current estimate of the total cost of this program is $86 million.

During the second quarter of 2012, we expanded the facility consolidation program to include the planned closure of an additional four production locations, including three facilities outside of the United States. The expansion of the program increased the total estimated program costs by approximately $55 million, which includes approximately $23 million in employee-related costs, approximately $17 million in fixed asset accelerated depreciation and write-downs, and approximately $15 million in other facility consolidation costs.

We recorded $21.4 million and $49.4 million of charges associated with the facility consolidation programs during the three and nine months ended September 30, 2012, respectively. These costs have been recorded on the consolidated statement of income as facility consolidation and other costs. Of the remaining approximately $54 million of estimated costs to be expensed for the programs, approximately $29 million of charges are expected to occur during the fourth quarter of 2012, with about $25 million remaining to be expensed in early 2013. Plant closings associated with the programs are expected to be completed in early 2013.

Facility consolidation program related cash payments made during the third quarter totaled $11.2 million, bringing total 2012 cash payments to $23.7 million. Cash payments for the fourth quarter of 2012 are expected to be approximately $24 million, with an additional $43 million estimated to be paid in 2013.

Acquisitions

Australia and New Zealand Distributors

On August 22, 2012, we acquired two flexible packaging businesses in Australia and New Zealand. The acquisition supports our strategy to enhance our presence in the Asia-Pacific region. The combined purchase price of approximately $19.1 million was financed with commercial paper and is subject to customary post-closing adjustments.

Shield Pack

On December 1, 2011, we acquired the common stock of Shield Pack, LLC of West Monroe, Louisiana for a cash purchase price of approximately $44.5 million, subject to customary post-closing adjustments. Shield Pack is a manufacturer of high barrier liners for bulk container packaging.

Mayor Packaging Acquisition

On August 1, 2011, we acquired Mayor Packaging, a Hong Kong-based manufacturer of consumer and specialty flexible packaging, including a manufacturing facility in Dongguan, China for a cash purchase price of approximately $96.7 million.

Noncontrolling Interest of Dixie Toga Ltda. (formerly Dixie Toga S.A.)

During the third quarter of 2011, we completed the purchase of the remaining shares owned by the noncontrolling interest of our Brazilian subsidiary, Dixie Toga Ltda., for approximately $90 million.

Results of Operations — Third Quarter 2012

Consolidated Overview

(in millions, except per share amounts)	2012	2011
Net sales	$1,287.8	$1,357.9
Net income attributable to Bemis Company, Inc.	47.4	55.9
Diluted earnings per share	0.45	0.53

Net sales for the third quarter of 2012 decreased 5.2 percent from the same period of 2011. Acquisitions increased third quarter 2012 net sales by an estimated 1.1 percent. The impact of currency translation reduced net sales by 4.6 percent. The remaining decrease in net sales reflects the impact of lower overall unit volume, partially offset by higher selling prices and improved sales mix.

Diluted earnings per share for the third quarter of 2012 were $0.45 compared to $0.53 reported in the same quarter of 2011. Results for the third quarter of 2012 included a $0.14 charge associated with facility consolidation and other costs and a $0.01 charge associated with acquisition-related earnout payments. Results for the third quarter of 2011 included $0.03 of charges associated with acquisition-related earnout and transaction payments.

Flexible Packaging Business Segment

(in millions)	2012	2011
Net sales	$1,152.4	$1,216.1
Operating profit (See Note 14 to the Condensed Consolidated Financial Statements)	110.3	117.4
Operating profit as a percentage of net sales	9.6 %	9.7 %

Flexible Packaging net sales decreased 5.2 percent in the third quarter of 2012 compared to the same quarter of 2011. The impact of currency translation reduced net sales by 4.7 percent. Acquisitions increased net sales by 1.3 percent. The remaining reduction in sales represents the negative impact of lower unit sales volumes, partially offset by higher selling prices and improved sales mix.

Operating profit for the third quarter of 2012 was negatively impacted by $21.4 million of facility consolidation costs and $1.1 million of acquisition-related earnout payments. Operating profit for the third quarter of 2011 was negatively impacted by $1.7 million of acquisition-related earnout and transaction payments. The effect of currency translation decreased operating profit in the third quarter of 2012 by $3.7 million compared to the same quarter of 2011. Performance for the quarter reflects the benefits of cost reductions, improvements in sales mix, and increases in selling prices, partially offset by lower unit sales volume.

Pressure Sensitive Materials Business Segment

(in millions)	2012	2011
Net sales	$135.4	$141.8
Operating profit (See Note 14 to the Condensed Consolidated Financial Statements)	7.7	8.0
Operating profit as a percentage of net sales	5.7 %	5.6 %

Pressure Sensitive Materials net sales decreased 4.5 percent in the third quarter of 2012 compared to the same quarter of 2011. The impact of currency translation reduced net sales by 4.3 percent.

Pressure Sensitive Materials operating profit as a percent of net sales in the third quarter of 2012 increased slightly compared to the same quarter of 2011. Currency translation reduced operating profit by approximately $0.5 million.

Consolidated Gross Profit		
(in millions)	2012	2011
Gross profit	$247.1	$223.7
Gross profit as a percentage of net sales	19.2 %	16.5 %

Consolidated gross profit as a percent of net sales increased in the third quarter of 2012, reflecting the benefits of cost reductions associated with facility consolidation and other costs activities, increases in selling prices and improvements in sales mix.

Consolidated Selling, General, and Administrative Expenses		
(in millions)	2012	2011
Selling, general and administrative expenses (SG&A)	$128.4	$111.6
SG&A as a percentage of net sales	10.0 %	8.2 %

Consolidated selling, general and administrative expenses in the third quarter include additional expenses related to acquired businesses and employee benefit costs. During the third quarter of 2011, incentive compensation accruals were reduced to reflect lower performance expectations for 2011.

Consolidated Other Operating (Income) Expense, Net		
(in millions)	2012	2011
Other operating (income) expense, net	$(2.8)	$(2.7)

Other operating income and expenses, net included $3.6 million of fiscal incentive income in the third quarter of 2012 compared to $4.9 million for the third quarter of 2011. Fiscal incentives are associated with net sales and manufacturing activities in certain South American operations and are included in our Flexible Packaging segment operating profit. The reduction in these benefits primarily reflects the impact of currency translation.

Consolidated Interest Expense		
(in millions)	2012	2011
Interest expense	$17.0	$18.4
Effective interest rate	4.4 %	4.8 %

Fixed-rate public notes totaling $300 million matured on April 1, 2012 and have been refinanced with variable-rate borrowings, reducing both the effective interest rate and the interest expense in the third quarter of 2012 compared to the same quarter of 2011.

Consolidated Income Taxes		
(in millions)	2012	2011
Income taxes	$26.8	$31.0
Effective tax rate	36.1 %	35.5 %

We expect the effective tax rate for the total year 2012 to be approximately 36 percent.

Results of Operations — Nine Months Ended September 30, 2012

Consolidated Overview

(in millions, except per share amounts)	2012	2011
Net sales	$3,905.3	$4,052.5
Net income attributable to Bemis Company, Inc.	133.7	161.3
Diluted earnings per share	1.27	1.51

Net sales for the nine months ended September 30, 2012 decreased 3.6 percent from the same period of 2011. The impact of currency translation reduced net sales by 3.7 percent. Acquisitions increased net sales by 1.4 percent. The remaining reduction in sales represents the negative impact of lower unit sales volumes, partially offset by higher selling prices and improved sales mix.

Diluted earnings per share for the nine months ended September 30, 2012 were $1.27 compared to $1.51 reported in the same period of 2011. Results for 2012 included a $0.32 charge associated with facility consolidation and other costs and a $0.04 charge for acquisition-related earnout payments. Results for 2011 included $0.03 of charges for acquisition-related earnout and transaction payments.

Flexible Packaging Business Segment

(in millions)	2012		2011	
Net sales	$3,482.7		$3,614.2	
Operating profit (See Note 14 to the Condensed Consolidated Financial Statements)	314.5		350.0	
Operating profit as a percentage of net sales	9.0	%	9.7	%

Flexible Packaging net sales decreased 3.6 percent in the nine months ended September 30, 2012 compared to the same period of 2011. The impact of currency translation reduced net sales by 3.7 percent. Acquisitions increased net sales by 1.6 percent. The remaining reduction in sales represents lower unit sales volumes, partially offset by higher selling prices and improved sales mix.

Operating profit for the nine months ended September 30, 2012 was negatively impacted by $49.3 million of facility consolidation costs and $4.6 million of acquisition-related earnout payments. Operating profit for the nine months ended September 30, 2011 was negatively impacted by $1.7 million of acquisition-related earnout and transaction payments. The effect of currency translation decreased operating profit in the nine months ended September 30, 2012 by $8.9 million compared to the same period of 2011. Performance for the nine months ended September 30, 2012 reflects the benefits of manufacturing cost reductions and improvements in price/mix, partially offset by lower unit sales volume.

Pressure Sensitive Materials Business Segment

(in millions)	2012		2011	
Net sales	$422.6		$438.3	
Operating profit (See Note 14 to the Consolidated Financial Statements)	28.3		29.6	
Operating profit as a percentage of net sales	6.7	%	6.8	%

Pressure Sensitive Materials net sales decreased 3.6 percent in the nine months ended September 30, 2012 compared to the same period of 2011. The impact of currency translation reduced sales by 3.8 percent.

Pressure Sensitive Materials operating profit as a percent of net sales decreased slightly in the nine months ended September 30, 2012 compared to the same period of 2011, and includes the negative impact of currency translation of $1.5 million.

Consolidated Gross Profit		
(in millions)	2012	2011
Gross profit	$711.4	$691.5
Gross profit as a percentage of net sales	18.2 %	17.1 %

The increase in consolidated gross profit as a percent of net sales reflects the positive impact of cost reductions, higher selling prices and improved mix, partially offset by lower unit sales volumes.

Consolidated Selling, General, and Administrative Expenses		
(in millions)	2012	2011
Selling, general and administrative expenses (SG&A)	$381.6	$364.5
SG&A as a percentage of net sales	9.8 %	9.0 %

Consolidated selling, general and administrative expenses increased in the nine months ended September 30, 2012 compared to the same period of 2011 reflecting additional expense related to acquired businesses, higher incentive compensation and pension costs, partially offset by the impact of currency translation.

Consolidated Other Operating (Income) Expense, Net		
(in millions)	2012	2011
Other operating (income) expense, net	$(12.3)	$(13.9)

Other operating income and expenses, net in the nine months ended September 30, 2012 included $13.2 million of fiscal incentive income compared to $15.7 million for the same period of 2011. The reduction primarily reflects the impact of currency translation. Fiscal incentives are associated with net sales and manufacturing activities in certain South American operations and are included in our Flexible Packaging segment operating profit.

Consolidated Interest Expense		
(in millions)	2012	2011
Interest expense	$54.8	$54.8
Effective interest rate	4.8 %	5.1 %

The effective interest rate decreased in the nine months ended September 30, 2012 compared to the same period of 2011 primarily due to refinancing public notes totaling $300 million with lower cost commercial paper on April 1, 2012.

Consolidated Income Taxes		
(in millions)	2012	2011
Income taxes	$74.9	$93.3
Effective tax rate	35.9 %	36.2 %

The lower 2012 effective tax rate reflects the recognition of a tax benefit in the first quarter that will not reoccur in subsequent quarters during the balance of 2012. We expect the effective tax rate for the total year 2012 to be about 36 percent.

Liquidity and Capital Resources

Net Debt to Total Capitalization

Net debt to total capitalization (which includes total debt net of cash balances divided by total debt net of cash balances plus equity) was 46 percent and 48 percent at September 30, 2012 and December 31, 2011, respectively. Total debt as of September 30, 2012 and December 31, 2011 was $1.5 billion and $1.6 billion, respectively.

Credit Rating

Our capital structure and financial practices have earned us investment grade credit ratings from two nationally recognized credit rating agencies. Recently, one of our investment grade credit ratings was revised downward. The recent credit rating downgrade has not impacted our investment grade status or our ability to access the capital markets, including the commercial paper markets, at favorable rates of interest.

Cash Flow

Net cash provided by operating activities was $290.2 million for the first nine months of 2012, compared to $250.5 million for the first nine months of 2011. During the first nine months of 2012, cash flows provided by operating activities included payments of severance and other accrued costs related to our facility consolidation programs of $23.7 million. Increases in inventory and accounts receivable levels during 2011 were magnified by the impact of increasing raw material costs and higher selling prices.

Net cash used in investing activities was $107.5 million for the first nine months of 2012, compared to $191.2 million for the same period of 2011. During the first nine months of 2011, cash used in investing activities included approximately $90 million of cash purchase price for the Mayor Packaging acquisition.

Net cash used in financing activities was $169.1 million for the first nine months of 2012, compared to $11.1 million cash used in financing activities for the same period of 2011. Net cash used in financing activities during the first nine months of 2011 included the net effect of a $316.0 million increase in commercial paper, the purchase of 5.0 million shares of Bemis Company, Inc. common stock in the open market for $161.1 million, and the purchase of the noncontrolling interest in Dixie Toga Ltda. for $89.7 million.

Available Financing

In addition to using cash provided by operating activities, we issue commercial paper to meet our short-term liquidity needs. As of September 30, 2012, our commercial paper debt outstanding was $269.0 million. Based on our current credit rating, we enjoy ready access to the commercial paper markets.

Under the terms of our revolving credit agreement, we have the capacity to borrow up to $800 million. This facility is principally used as back-up for our commercial paper program. Our revolving credit facility is supported by a group of major U.S. and international banks. Covenants imposed by the revolving credit facility include limits on the sale of businesses, minimum net worth calculations, and a maximum ratio of debt to total capitalization. The revolving credit agreement includes a $100 million multicurrency limit to support the financing needs of our international subsidiaries. As of September 30, 2012, there was $277.0 million of debt outstanding supported by this credit facility, leaving $523.0 million of available credit. If we were not able to issue commercial paper, we would expect to meet our financial liquidity needs by accessing the bank market, which would increase our borrowing costs. Borrowings under the credit agreement are subject to a variable interest rate.

Public notes totaling $300 million matured on April 1, 2012 and were refinanced with commercial paper. Industrial revenue bonds totaling $8 million are scheduled to mature in November 2012, and have been classified as long term debt on the September 30, 2012 balance sheet in accordance with our ability and intent to refinance them with commercial paper.

Liquidity Outlook

We expect cash flow from operations and available liquidity described above to be sufficient to support future operating activities. There can be no assurance, however, that the cost or availability of future borrowings will not be impacted by future capital market disruptions. In addition, increases in raw material costs would increase our short-term liquidity needs.

Dividends

In February 2012, the Board of Directors approved the 29th consecutive annual increase in the quarterly cash dividend on common stock to $0.25 per share, a 4.2 percent increase.

New Accounting Pronouncements

There has been no new accounting guidance issued or effective during the first nine months of 2012 that is expected to have a material impact on our consolidated financial position, results of operations, or cash flows.

Critical Accounting Estimates and Judgments

Our discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to retirement benefits, intangible assets, goodwill, and expected future performance of operations. Our estimates and judgments are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. These critical accounting estimates are discussed in detail in “Management’s Discussion and Analysis — Critical Accounting Estimates and Judgments” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the Company’s market risk during the nine month period ended September 30, 2012. For additional information, refer to Note 5 and Note 6 to the Condensed Consolidated Financial Statements in Exhibit 19 and to Part II, Item 7A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.

ITEM 4. CONTROLS AND PROCEDURES

The Company’s management, under the direction, supervision, and involvement of the Chief Executive Officer and the Chief Financial Officer, has carried out an evaluation, as of the end of the period covered by this report, of the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) of the Company. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that disclosure controls and procedures in place at the Company are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission’s rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. As previously disclosed in prior periods, we are in the process of implementing a new enterprise resource planning (ERP) system which is being completed in phases. For the most recent phase, which was completed during the third quarter of 2012, several of the Company’s United States operations implemented certain modules of the new ERP system which resulted in some changes in internal controls. There were no other changes in the Company’s internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the

Company’s internal control over financial reporting.

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PART II — OTHER INFORMATION
ITEM 1. LEGAL PROCEEDINGS

The material set forth in Note 13 of the Notes to Condensed Consolidated Financial Statements is incorporated herein by reference.

ITEM 1A. RISK FACTORS

The following factor, as well as factors described elsewhere in this Form 10-Q, in our Annual Report on Form 10-K for the year ended December 31, 2011, or in other filings by the Company with the Securities and Exchange Commission, could adversely affect the Company's consolidated financial position, results of operations or cash flows. Other factors not presently known to us or that we presently believe are not material could also affect our business operations and financial results.

Interest rates — An increase in interest rates could reduce our reported results of operations.

At September 30, 2012, our variable rate borrowings approximated $677.0 million (which includes $400 million fixed rate notes that have been effectively converted to variable rate debt through the use of a fixed to variable rate interest rate swap). Fluctuations in interest rates can increase our borrowing costs and consequently, have an adverse impact on our results of operations. Increases in short-term interest rates will directly impact the amount of interest we pay. For each one percent increase in variable interest rates, our annual interest expense would increase by $6.8 million on the $677.0 million of variable rate borrowings outstanding as of September 30, 2012.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company did not repurchase any of its equity securities in the three months ended September 30, 2012. As of September 30, 2012, under authority granted by the Board of Directors, the Company had authorization to repurchase an additional 4,543,800 shares of its common stock.

ITEM 6. EXHIBITS

The Exhibit Index is incorporated herein by reference.

SIGNATURES

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

		BEMIS COMPANY, INC.
Date	November 9, 2012	/s/ Scott B. Ullem Scott B. Ullem, Vice President and Chief Financial Officer
Date	November 9, 2012	/s/ Jerry S. Krempa Jerry S. Krempa, Vice President and Controller

Exhibit Index

Pursuant to the rules and regulations of the Securities and Exchange Commission (SEC), we have filed certain agreements as exhibits to this Quarterly Report on Form 10-Q. These agreements may contain representations and warranties by the parties thereto. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

Exhibit	Description	Form of Filing
3(a)	Restated Articles of Incorporation of the Registrant, as amended. (1)	Incorporated by Reference
3(b)	By-Laws of the Registrant, as amended through February 4, 2011. (2)	Incorporated by Reference
4(a)	Form of Indenture dated as of June 15, 1995, between the Registrant and U.S. Bank Trust National Association (formerly known as First Trust National Association), as Trustee. Copies of constituent instruments defining rights of holders of long-term debt of the Company and Subsidiaries, other than the Indenture specified herein, are not filed herewith, pursuant to Instruction (b)(4)(iii)(A) to Item 601 of Regulation S-K, because the total amount of securities Authorized under any such instrument does not exceed 10% of the total assets of the Company and Subsidiaries on a consolidated basis. The registrant hereby agrees that it will, upon request by the SEC, furnish to the SEC a copy of each such instrument. (3)	Incorporated by Reference
10	Amendment No. 1 to Credit Agreement (4)	Incorporated by Reference
19	Reports Furnished to Security Holders.	Filed Electronically
31.1	Rule 13a-14(a)/15d-14(a) Certification of CEO.	Filed Electronically
31.2	Rule 13a-14(a)/15d-14(a) Certification of CFO.	Filed Electronically
32	Section 1350 Certification of CEO and CFO.	Filed Electronically
101	The following materials from Bemis Company, Inc.'s Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2012, formatted in XBRL: (i) Condensed Consolidated Statement of Income and Comprehensive Income for the three and nine months ended September 30, 2012 and 2011; (ii) Condensed Consolidated Balance Sheet at September 30, 2012 and December 31, 2011; (iii) Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2012 and 2011; (iv) Condensed Consolidated Statements of Equity for the nine months ended September 30, 2012 and 2011; and (v) Notes to the Condensed Consolidated Financial Statements.	Filed Electronically

(1) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (File No. 1-5277).
(2) Incorporated by reference to the Registrant's Form 8-K filed February 10, 2011 (File No. 1-5277).
(3) Incorporated by reference to the Registrant's Current Report on Form 8-K dated June 30, 1995 (File No. 1-5277).
(4) Incorporated by reference to the Registrant's Current Report on Form 8-K dated May 3, 2012 (File No. 1-5277).

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