

Edgar Filing: SILICON GRAPHICS INC - Form SC 13D

SILICON GRAPHICS INC
Form SC 13D
October 27, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934*

Silicon Graphics, Inc.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

827056300

(CUSIP Number of Class of Securities)

Robert Burns, Esq.
Quadrangle Group LLC
375 Park Avenue
New York, NY 10152
(212) 418-1700

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

Copies to:
Michael A. Schwartz, Esq.
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019-6099
(212) 728-8000

October 17, 2006

(Date of Event which Requires
Filing of this Schedule)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of ss.ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box: []

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

27.8%

14 TYPE OF REPORTING PERSON*

OO

SCHEDULE 13D

CUSIP No. 827056300

Page 3 of 20 Pages

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

QDRF Master Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []

(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

0

NUMBER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

8 SHARED VOTING POWER

2,088,166

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

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2,088,166

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON
2,088,166

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
18.8%

14 TYPE OF REPORTING PERSON*
OO

SCHEDULE 13D

CUSIP No. 827056300 Page 4 of 20 Pages

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
Quadrangle Debt Opportunities Master Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Cayman Islands

7 SOLE VOTING POWER
0

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NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER	658,557
	9	SOLE DISPOSITIVE POWER	0
	10	SHARED DISPOSITIVE POWER	658,557
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON		
	658,557		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
	5.9%		
14	TYPE OF REPORTING PERSON*		
	OO		

SCHEDULE 13D

CUSIP No. 827056300

Page 5 of 20 Pages

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)	
	Michael Weinstock	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) [] (b) [X]
3	SEC USE ONLY	
4	SOURCE OF FUNDS*	
	AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []	

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(b) [X]

3	SEC USE ONLY
4	SOURCE OF FUNDS* AF
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States
	7 SOLE VOTING POWER 0
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8 SHARED VOTING POWER 3,097,140
	9 SOLE DISPOSITIVE POWER 0
	10 SHARED DISPOSITIVE POWER 3,097,140
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON 3,097,140
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 27.8%
14	TYPE OF REPORTING PERSON* IN

SCHEDULE 13D

CUSIP No. 827056300

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1		NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Christopher Santana
2		CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3		SEC USE ONLY
4		SOURCE OF FUNDS* AF
5		CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) <input type="checkbox"/>
6		CITIZENSHIP OR PLACE OF ORGANIZATION United States
	7	SOLE VOTING POWER 0
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER 3,097,140
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 3,097,140
11		AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON 3,097,140
12		CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* <input type="checkbox"/>
13		PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 27.8%
14		TYPE OF REPORTING PERSON* IN

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SCHEDULE 13D

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1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)	
	Josiah Rotenberg	

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) [] (b) [X]

3	SEC USE ONLY	

4	SOURCE OF FUNDS*	
	AF	

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []	

6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	United States, Canada and Israel	

	7	SOLE VOTING POWER
	0	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER
	3,097,140	

	9	SOLE DISPOSITIVE POWER
	0	

	10	SHARED DISPOSITIVE POWER
	3,097,140	

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON	
	3,097,140	

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []	

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	
	27.8%	

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14 TYPE OF REPORTING PERSON*

IN

This Schedule 13D relates to the common stock, par value \$0.01 per share (the "Common Stock"), of Silicon Graphics, Inc., a Delaware corporation (the "Company"). This Schedule 13D is being filed on behalf of Quadrangle Debt Recovery Advisors LLC, a Delaware limited liability company ("Advisors"), QDRF Master Ltd, a Cayman Islands company ("QDRF"), Quadrangle Debt Opportunities Fund Master Ltd., a Cayman Islands company ("QDOFM"), Michael Weinstock, a managing member of Advisors ("Mr. Weinstock"), Andrew Herenstein, a managing member of Advisors ("Mr. Herenstein"), Christopher Santana, a managing member of Advisors ("Mr. Santana") and Josiah Rotenberg, a managing member of Advisors ("Mr. Rotenberg" and, together with Advisors, Mr. Weinstock, Mr. Herenstein and Mr. Santana, the "Controlling Reporting Persons", and together with QDRF and QDOFM, the "Reporting Persons"). Advisors is the investment advisor to a variety of hedge funds (such funds, collectively, including but not limited to QDRF and QDOFM, the "Funds"). The Funds directly own the Common Stock to which this Schedule 13D relates, and Advisors, Mr. Weinstock, Mr. Herenstein, Mr. Santana and Mr. Rotenberg may be deemed to have beneficial ownership over such Common Stock by virtue of the authority granted to them by the Funds to vote and to dispose of the securities held by the Funds, including the Common Stock.

Item 1. Security and Issuer.

This statement on Schedule 13D relates to the Common Stock of the Company and is being filed pursuant to Rule 13d-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The address of the principal executive offices of the Company is 1200 Crittenden Lane, Mountain View, California 94043. Information given in response to each item shall be deemed incorporated by reference in all other items, as applicable.

Item 2. Identity and Background.

(a) This statement is being filed by the Reporting Persons. Mr. Weinstock, Mr. Herenstein, Mr. Santana and Mr. Rotenberg are each a managing member of Advisors. Advisors is organized as a limited liability company under the laws of the State of Delaware. QDRF and QDOFM are organized under the laws of the Cayman Islands.

(b) The address of the principal business and principal office of Advisors, Mr. Weinstock, Mr. Herenstein, Mr. Santana and Mr. Rotenberg is 375 Park Avenue, 14th Floor, New York, New York 10152. The address of the principal business and principal office of QDRF and QDOFM is Walker House, P.O. Box 908GT, Georgetown, Grand Cayman, Cayman Islands, British West Indies.

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(c) The principal business of Advisors is to serve as investment advisor to the Funds and to control the investing and trading in securities of the Funds. The principal business of each of Mr. Weinstock, Mr. Herenstein, Mr. Santana and Mr. Rotenberg is to act as a managing member of Advisors. The principal business of QDRF and QDOFM is to invest and trade in securities.

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(d) None of the Reporting Persons, nor, to the best of their knowledge, any of their directors, executive officers, general partners or members has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons, nor, to the best of their knowledge, any of their directors, executive officers, general partners or members has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Weinstock, Mr. Herenstein, Mr. Santana and Mr. Rotenberg are United States citizens. Mr. Rotenberg is also a citizen of Canada and Israel.

Item 3. Source and Amount of Funds or Other Consideration.

The Reporting Persons acquired the shares of Common Stock beneficially owned by them as part of the reorganization of the Company under chapter 11 of the federal bankruptcy code (the "Reorganization") pursuant to the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, as Modified, dated July 27, 2006 (together with any agreements entered into in connection therewith, the "Plan"). On October 17, 2006 (the "Effective Date"), the Plan became effective under chapter 11 of the federal bankruptcy code.

As part of the Reorganization, the 6.50% Senior Secured Convertible Notes Due 2009 (the "Convertible Notes") of the Company were converted into Common Stock. Accordingly, Convertible Notes indirectly beneficially owned by the Controlling Reporting Persons in the aggregate principal amount of \$50,989,000 were converted into 667,335 shares of Common Stock; Convertible Notes held directly by QDRF in the aggregate principal amount of \$34,378,000 were converted into 449,933 shares of Common Stock; and Convertible Notes held directly by QDOFM in the aggregate principal amount of \$10,842,000 were converted into 141,898 shares of Common Stock.

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The Funds expended an aggregate of approximately \$16,206,793 of their own investment capital to purchase 1,815,152 shares of Common Stock as part of a rights offering in connection with the Reorganization (the "Rights Offering") and 614,652 shares pursuant to a Backstop Commitment Agreement executed in connection with the Rights Offering.

QDRF expended an aggregate of approximately \$10,927,007 of its own investment capital to purchase 1,223,819 shares of Common Stock as part of the Rights Offering and 414,413 shares pursuant to a Backstop Commitment Agreement executed in connection with the Rights Offering.

QDOFM expended an aggregate of approximately \$3,446,115 of its own investment capital to purchase 385,963 shares of Common Stock as part of the Rights Offering and 130,696 shares pursuant to a Backstop Commitment Agreement executed in connection with the Rights Offering.

Prior to the Reorganization, the Funds held Convertible Notes that were convertible into more than 5% of the common stock, par value \$0.001 per share (the "Old Common Stock") of the Company, and Advisors, QDRF, Mr. Weinstock, Mr. Herenstein, Mr. Santana and Mr. Rotenberg (the "Old Common Stock Reporting Persons") beneficially owned such Old Common Stock solely through the direct

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Investors named therein, dated October 17, 2006 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Silicon Graphics, Inc. filed with the Securities and Exchange Commission on October 20, 2006).

99.2 Joint Filing Agreement, dated as of October 27, 2006, by and between the Reporting Persons.

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SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: October 27, 2006

QUADRANGLE DEBT RECOVERY ADVISORS LLC

By: /s/ Michael Weinstock

Name: Michael Weinstock
Title: Managing Member

QDRF MASTER LTD.

By: Quadrangle Debt Recovery Advisors LLC, its investment advisor

By: /s/ Michael Weinstock

Name: Michael Weinstock
Title: Managing Member

QUADRANGLE DEBT OPPORTUNITIES FUND MASTER LTD.

By: Quadrangle Debt Recovery Advisors LLC, its investment advisor

By: /s/ Michael Weinstock

Name: Michael Weinstock
Title: Managing Member

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MICHAEL WEINSTOCK

/s/ Michael Weinstock

Michael Weinstock

CHRISTOPHER SANTANA

/s/ Christopher Santana

Christopher Santana

ANDREW HERENSTEIN

/s/ Andrew Herenstein

Andrew Herenstein

JOSIAH ROTENBERG

By: /s/ Robert Burns

Name: Robert Burns

Title: Attorney-in-Fact

[SIGNATURE PAGE TO SCHEDULE 13D
WITH RESPECT TO SILICON GRAPHICS, INC.]

Schedule A

(Transactions by the Funds in Convertible Notes
since August 31, 2005)

Date	Transaction	Aggretgate Face	% Face Value	%Ownership Follow
------	-------------	-----------------	--------------	-------------------

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		Value	Price Per Note	Transaction
08/31/05	BUY	1,050,000	75.75	0.3
09/12/05	BUY	1,550,000	76.50	0.5
09/15/05	BUY	2,050,000	78.00	0.6
10/19/05	BUY	3,826,000	78.50	1.1
10/27/05	BUY	6,826,000	79.75	2.0
10/28/05	BUY	10,826,000	80.00	3.1
11/02/05	BUY	11,326,000	70.00	3.3
11/02/05	BUY	12,025,000	71.50	3.5
11/02/05	BUY	13,525,000	72.00	3.9
11/03/05	BUY	15,475,000	72.50	4.4
11/04/05	BUY	33,950,000	72.75	4.9
11/07/05	BUY	18,285,000	72.75	5.2
11/09/05	BUY	19,285,000	72.75	5.4
11/10/05	BUY	19,985,000	72.75	5.6
11/21/05	BUY	20,985,000	72.75	5.9
11/29/05	BUY	21,361,000	72.66	6.0
11/30/05	BUY	22,194,000	72.75	6.2
12/01/05	BUY	22,919,000	72.75	6.4
12/02/05	BUY	23,930,000	72.75	6.7
12/12/05	BUY	25,930,000	70.50	7.2
02/01/06	BUY	29,930,000	60.50	8.2
02/06/06	BUY	31,180,000	62.50	8.5
04/05/06	BUY	34,680,000	76.25	9.4
04/06/06	BUY	50,989,000	75.50	12.

* Percentage beneficial ownership of total outstanding Old Common Stock on an as-converted basis, calculated as described above in Item 5.

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Schedule B

(Transactions by QDRF in Convertible Notes
since August 31, 2005)

Date -----	Transaction -----	Aggregate ----- Face Value -----	% Face Value Price ----- Per Note -----	%
10/28/05	Buy	750,000	79.75	
10/28/05	Buy	4,000,000	80.00	
11/02/05	Buy	425,000	70.00	
11/02/05	Buy	599,000	71.50	
11/02/05	Buy	1,275,000	72.00	
11/03/05	Buy	1,658,000	72.50	
11/04/05	Buy	1,700,000	72.75	
11/07/05	Buy	725,000	72.75	
11/09/05	Buy	900,000	72.75	
11/10/05	Buy	625,000	72.75	
11/21/05	Buy	846,000	72.75	
11/29/05	Buy	318,000	72.66	
11/30/05	Buy	705,000	72.75	
12/01/05	Buy	614,000	72.75	
12/02/05	Buy	857,000	72.75	
12/12/05	Buy	1,696,000	70.50	
02/01/06	Buy	3,390,000	60.50	
02/06/06	Buy	1,060,000	62.50	
04/05/06	Buy	2,450,000	76.25	
04/06/06	Buy	9,785,000	75.50	

* Percentage beneficial ownership of total outstanding Old Common Stock on an as-converted basis, calculated as described above in Item 5.