

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

WIND RIVER SYSTEMS INC

CIK: **833829** | IRS No.: **942873391** | State of Incorporation: **DE** | Fiscal Year End: **0131**
Type: **8-K** | Act: **34** | File No.: **000-21342** | Film No.: **04814986**
SIC: **7371** Computer programming services

Mailing Address
500 WIND RIVER WAY
ALAMEDA CA 94501

Business Address
500 WIND RIVER WAY
ALAMEDA CA 94501
5107484100

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934.**

**Date of Report: May 18, 2004
(Date of earliest event reported)**

**Wind River Systems, Inc.
(Exact name of registrant as specified in its charter)**

**Delaware
(State or other
jurisdiction of
incorporation)**

**0-21342
(Commission File
Number)**

**94-2873391
(IRS Employer
Identification
Number)**

**500 Wind River Way, Alameda, California
(Address of principal executive offices)**

**94501
(Zip Code)**

Registrant's telephone number, including area code: 510-748-4100

Item 7. Financial Statements and Exhibits

(c) Exhibits

99.1 [Press Release of Wind River Systems, Inc. dated May 18, 2004](#)

Item 12. Results of Operations and Financial Condition

On May 18, 2004, Wind River Systems, Inc. (the "Registrant") issued a press release announcing its financial results for the three months ended April 30, 2004. The press release did not include certain other financial information that will be filed with the Securities and Exchange Commission as part of the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2004. A copy of the press release relating to such announcement, dated May 18, 2004, is furnished as Exhibit 99.1 to this Report and is incorporated herein by reference in its entirety.

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, the Registrant provides non-GAAP net loss and non-GAAP net loss per share in the press release as additional information for its operating results. These measures are not in accordance with, or an alternative for, GAAP and may be different from non-GAAP (or pro forma) measures used by other companies. The Registrant's management believes that this presentation of non-GAAP net loss and non-GAAP net loss per share provides useful information to management and investors regarding certain additional financial and business trends relating to the Registrant's financial condition and results of operations.

The information contained in this Report shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURE

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 hereunto duly authorized.

Dated: May 18, 2004

WIND RIVER SYSTEMS, INC.

By: /s/ MICHAEL ZELLNER
MICHAEL ZELLNER
*Senior Vice President, Finance and Administration and
Chief Financial Officer*

EXHIBIT INDEX

Number Description

99.1 Press Release issued by Wind River Systems, Inc., dated May 18, 2004, reporting the results of operations for the three months ended April 30, 2004

Wind River Reports First Quarter Revenue of \$52.8 Million and GAAP Operational Cash Flow of \$9 Million

ALAMEDA, CA -- 05/18/2004 --

- Q1 FY05 Revenues: \$52.8 million, 9% increase compared to Q1 FY04 revenues of \$48.5 million
- Deferred revenue balance: \$45.5 million, \$6.4 million increase quarter over quarter
- Q1 FY05 Cash flow from operations, excluding restructuring-related payments of \$1.4 Million: \$10.4 million
- Q1 FY05 GAAP net loss per share: \$0.05; Q1 FY05 non-GAAP net loss per share: \$0.02 versus guidance of GAAP net loss per share between \$0.05-\$0.07 and non-GAAP net loss per share between \$0.03-\$0.05

Wind River Systems, Inc. (NASDAQ: WIND), the worldwide market leader in device software optimization, today reported its first quarter fiscal 2005 operating results.

Total revenues for the first quarter ended April 30, 2004 were \$52.8 million, a 9% increase compared to revenues of \$48.5 million for the first quarter ended April 30, 2003, and above previous revenue guidance of \$49 million to \$51 million.

"Q1 was a good start to the year. Strong execution across the organization coupled with a healthier economy generated solid results," said Ken Klein, president, chief executive officer and chairman. "Device software optimization is becoming a key strategic focus for our customers. Our customers believe in our product strategy and are choosing to partner with us to develop their next generation of connected intelligent devices."

Generally accepted accounting principles (GAAP) net loss for the first quarter of fiscal 2005 was \$3.8 million, compared to a net loss of \$10.8 million for the first quarter of fiscal 2004. GAAP net loss per share was \$0.05 for the first quarter of fiscal 2005, compared to a net loss per share of \$0.14 for the first quarter of fiscal 2004.

Non-GAAP net loss for the first quarter of fiscal 2005 was \$1.9 million, compared to a non-GAAP net loss of \$9.3 million for the first quarter of fiscal 2004. Non-GAAP net loss per share was \$0.02 for the first quarter of fiscal 2005, compared to a non-GAAP net loss per share of \$0.12 for the first quarter of fiscal 2004.

"Wind River continues to deliver on its commitment to growing the company's top-line as well as generating positive cash flow," said Mike Zellner, senior vice president, finance and administration and chief financial officer. "Exceeding our top-line target this quarter underscores the strength of our business model as well as the commitment and performance of our employees."

Wind River provides non-GAAP net loss and net loss per share data as an alternative for understanding the company's operating results. Non-GAAP data is not in accordance with, or an alternative to, GAAP and may be materially different from non-GAAP measures used by other companies. Non-GAAP net loss for the three month periods ended April 30, 2004 and 2003 was computed by adjusting GAAP net loss data to exclude amortization of purchased and other intangibles, gain on investments and technology and restructuring costs. Wind River provides a reconciliation of its GAAP and non-GAAP net loss and net loss per share data for the three month periods ended April 30, 2004 and 2003 on page four of this release.

Financial Outlook

The following statements are forward-looking and actual results may differ materially. Please consult the safe-harbor statement at the end of this press release for a description of certain risk factors and Wind River's SEC reports for a more comprehensive description of risks. In response to SEC Regulation Fair Disclosure (Reg FD), the Company plans to disseminate its business outlook, based on current expectations, in conjunction with its quarterly earnings releases and conference calls. Wind River does not plan to provide any further material guidance on analysts' financial models beyond the information provided in its quarterly earnings release and conference call.

Second Quarter Fiscal Year 2005 Outlook

- The company expects revenue for Q2 fiscal year 2005 to be between \$53 million to \$55 million.
- The company expects a GAAP net loss per share for Q2 fiscal year 2005 to be between \$0.03 and \$0.05, with a basic share count of approximately 82 million to 83 million shares.
- The company expects a non-GAAP net loss per share for Q2 fiscal year 2005 to be between \$0.01 and \$0.03.
- The company expects cash flow from operations, excluding restructuring activities, to be positive for Q2 fiscal year 2005.

Key Metrics to Measure Success

- Growth in reported revenue
- Growth in deferred revenue
- Positive cash flow from operations

"I am encouraged that we were able to continue the momentum from last quarter. By executing against our strategic initiatives, we are in an unparalleled position to take advantage of the industry shift to device software optimization. It's an exciting time to be at Wind River," concluded Klein.

Conference Call

Management will host a conference call at 5:30 a.m. Pacific Time on May 18, 2004 to discuss these results. You may listen to the conference call by calling +1.800.399.5927 in the U.S. and +1.706.643.3427 internationally. You may also listen in live via our webcast at www.windriver.com. A replay of the conference call will be available after 8:30 a.m. Pacific on May 18, 2004 until 11:59 p.m. Pacific on May 25, 2004. You may listen to the replay of the conference call by calling +1.800.642.1687 in the U.S. and +1.706.645.9291 internationally and enter the conference i.d. 7308308.

About Wind River

Wind River is the global leader in device software optimization (DSO). Wind River enables companies to develop and run software faster, better, less expensively and more reliably. Wind River Platforms tightly integrate a rich set of market-leading operating systems, development tools and middleware with services to provide a complete foundation that meets the specific requirements of a vertical market. Wind River's products and professional services are used in multiple markets including aerospace and defense, automotive, digital consumer, industrial, and network infrastructure. Companies from around the world turn to Wind River to create the most reliable products and to accelerate their time-to-market.

Founded in 1981, Wind River is headquartered in Alameda, California, with operations worldwide. To learn more, visit Wind River at <http://www.windriver.com> or call Wind River at 1-866-296-5361.

Wind River Systems and the Wind River Systems logo are trademarks of Wind River Systems, Inc., and VxWorks and WIND RIVER are registered trademarks of Wind River Systems, Inc. Third party marks and brands are the property of their respective holders.

This press release contains forward-looking statements, including those relating to expected revenue, earnings per share, cash flows and share count for the fiscal quarter ending July 31, 2004, that involve risks and uncertainties that could cause actual results to differ materially from those contemplated herein. Factors that could cause or contribute to such differences include but are not limited to weakness in the economy generally or in the technology sector specifically, the success of Wind River's implementation of its new business models and market strategies, the ability of our customers to sell products that include our software, the impact of competitive products and pricing, the impact of charges for restructuring and other costs and other risk factors detailed in Wind River's Annual Report on Form 10-K for the fiscal year ended January 31, 2004, its Quarterly Reports on Form-10-Q and other periodic filings with the Securities and Exchange Commission. Wind River undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Wind River Systems, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

	Three months ended	
	April 30,	
	2004	2003
	-----	-----
Revenues, net:		
Product	\$ 26,764	\$ 26,847
Subscription	9,505	2,371
Services	16,503	19,325
	-----	-----
Total revenues	52,772	48,543
	-----	-----
Cost of revenues:		
Products	1,330	2,743
Subscription	2,334	796
Services	8,932	9,690
Amortization of purchased intangibles	987	1,465
	-----	-----
Total cost of revenues	13,583	14,694
	-----	-----
Gross profit	39,189	33,849
	-----	-----
Operating expenses:		
Selling and marketing	20,959	23,444
Product development and engineering	15,116	14,349
General and administrative	5,210	7,489
Amortization of other intangibles	171	377
Restructuring costs	1,238	-
	-----	-----
Total operating expenses	42,694	45,659
	-----	-----
Loss from operations	(3,505)	(11,810)

Other income, net	402	1,672
	-----	-----
Loss before provision for income taxes	(3,103)	(10,138)
Provision for income taxes	700	635
	-----	-----
Net loss	\$ (3,803)	\$ (10,773)
	=====	=====
Net loss per share:		
Basic and diluted	\$ (0.05)	\$ (0.14)
Shares used in per share calculation:		
Basic and diluted	81,162	79,619
Reconciliation to Non-GAAP Net Loss:		
Net loss	\$ (3,803)	\$ (10,773)
Amortization of purchased and other intangibles	1,158	1,842
Gain on investments and technology	(513)	(416)
Restructuring costs	1,238	-
	-----	-----
Non-GAAP net loss	\$ (1,920)	\$ (9,347)
	=====	=====
Non-GAAP net loss per share:		
Basic and diluted	\$ (0.02)	\$ (0.12)
Shares used in per share calculation:		
Basic and diluted	81,162	79,619

Wind River Systems, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	April 30, 2004	January 31, 2004
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,827	\$ 32,254
Short-term investments	16,794	19,580
Accounts receivable, net	37,386	43,153
Prepaid and other current assets	13,679	10,301
	-----	-----
Total current assets	96,686	105,288
Investments	180,864	162,661
Property and equipment, net	91,271	92,388
Intangibles, net	85,426	86,612
Other assets	8,778	9,271
Restricted investments	45,265	46,332
	-----	-----
Total assets	\$ 508,290	\$ 502,552

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 2,740	\$ 2,744
Accrued liabilities	17,324	15,721
Accrued restructuring costs	2,673	2,851
Accrued compensation	15,013	16,533
Income taxes payable	2,445	2,559
Deferred revenues	45,495	39,128

Total current liabilities	85,690	79,536
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Convertible subordinated debt	150,000	150,000
Other long-term debt	40,000	40,000

Total liabilities	275,690	269,536
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Stockholders' equity:

Common stock	84	83
Additional paid-in-capital	757,508	753,257
Loan to stockholder	-	(1,872)
Treasury stock, at cost	(34,023)	(32,860)
Accumulated other comprehensive loss	(2,042)	(468)
Accumulated deficit	(488,927)	(485,124)

Total stockholders' equity	232,600	233,016
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Total liabilities and

stockholders' equity	\$ 508,290	\$ 502,552
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Contacts:

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