



# CODE

of Business Conduct and Ethics

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The right place to begin SGI's Code of Business Conduct and Ethics is with the purpose and core values developed at our global senior leadership forum in 1997. These principles are at the heart of everything we do, and remind ourselves of our responsibilities to the constituencies we serve.

## PURPOSE

Unleashing the Power of Human Creativity and Insight

## CORE VALUES

**Integrity**—How We Operate

**Passion to Excel**—How We Feel

**Innovation<sup>3</sup>**—How We Think

**Fairness & Respect**—How We Treat People

**Breakthrough Results**—What We Deliver

- For our Customers, we will provide products that are safe, reliable, and of the highest quality—and provide service that's both prompt and responsive.
- For our Employees, we will create a work environment that encourages creativity, recognizes accomplishment, and gives everyone a chance to make a difference and share in the Company's success.
- As members of our Communities, we will act responsibly, respecting the environment and the people, and do what we can to make our communities better places to live.
- For our Stockholders, we endeavor to create value through long-term growth and profitability. We are also committed to providing accurate, timely information about our operations, managing our Company responsibly, and conducting all aspects of our business honestly and fairly.



Uphold the  
Commitment to Always  
Act with Integrity



## OVERVIEW

SGL is firmly committed to conducting business in compliance with the letter and spirit of the law and other accepted standards of business conduct reflected in our company policies. Laws and standards for business conduct are becoming increasingly complex and demanding, and failure to meet these standards could harm SGL, its subsidiaries and its people. We all depend on one another to do the right thing in making business decisions and carrying out our work responsibilities on a daily basis.

The standards set forth in this Code of Business Conduct and Ethics (this “Code”) are intended to assist everyone working for or on behalf of an SGL division or subsidiary in handling a variety of business situations. At all times, we want to convey that SGL and its subsidiaries are companies of uncompromising integrity and professionalism.

## PURPOSE OF THE CODE

The purpose of this Code of Business Conduct and Ethics is to provide guidance, to deter wrongdoing and to promote:

- Honest and ethical conduct, including the avoidance of conflicts of interest between work and personal affairs;
- Full, fair, accurate, timely, and understandable disclosure of information in documents that SGL files with the U.S. Securities and Exchange Commission and in SGL’s other public communications;
- Compliance with applicable laws and governmental rules and regulations;
- Prompt reporting of violations of this Code to at least one of the appropriate resources identified in this Code; and
- Accountability for adherence to this Code.

## WHO MUST FOLLOW THIS CODE AND SGL POLICIES

All members of the Board of Directors, officers, and employees at every level of SGL and its subsidiaries throughout the world are responsible for understanding and complying with the Code and all applicable SGL policies. By working for SGL or one of its subsidiaries, you are agreeing to help ensure that SGL upholds its corporate compliance commitment.

SGL requires its suppliers, including consultants and contractors, and channel partners, to conduct their businesses in a legal and ethical manner. In certain instances, SGL agreements with third parties may include requirements for those persons or companies to comply with relevant aspects of SGL policies. In such instances, SGL managers and employees responsible for such third-party relationships should:

- Consider whether those persons and companies require additional education on the requirements imposed by SGL policies, and
- Take necessary action, up to and including contract termination, after learning that the person

failed to honor his or her agreement to abide by SGI policies.

## WHICH LAWS AND STANDARDS APPLY TO MY JOB?

The standards reflected in this Code apply in all countries where SGI conducts business. All employees are also subject to the laws and regulations of the country where they are working at any given time. Because Silicon Graphics, Inc. is organized as a U.S. public company, U.S. law often will also apply. In some instances, U.S. law may apply to conduct that takes place outside the U.S.—for example, in the case of anti-corruption and bribery laws and export compliance laws. If you think there may be a conflict between laws that apply to your activities, or between local laws and this Code, always contact SGI Legal Services for advice.

SGI and its subsidiaries issue corporate and regional policies containing detail and specificity beyond the standards contained in this Code. You must follow those policies and procedures in addition to those described in this Code. These policies can be found on [www.corp.sgi.com](http://www.corp.sgi.com) or the corporate intranet in each of our global regions. If you have questions about a Code provision or are not certain about a particular course of action, you should use the many resources that are available to you for assistance. See “Asking Questions and Reporting Concerns” for more information.

All employees are responsible for understanding and complying with the Code and all applicable SGI policies. Failure to abide by the Code or other SGI policies may result in disciplinary action consistent with local requirements, up to and including termination of employment. Examples of conduct that may result in discipline are:

- Actions that violate a policy;
- Asking others to violate a policy;
- Failure to promptly raise a known or suspected violation of a policy;
- Failure to cooperate in SGI investigations of possible policy violations; or
- Retaliation against another employee for reporting a compliance concern.

Violation of an SGI policy can also mean breaking the law, which may subject you or the Company to criminal penalties or civil fines.

The terms “SGI” and the “Company” throughout this Code refer to Silicon Graphics, Inc. and its subsidiaries. The standards set forth in this Code are not contracts and no employment or other contract is implied.

## CHANGES TO THE CODE

Any change to or waiver of the Code for any member of the Board of Directors, chief executive officer or senior financial officer of the Company may be made only with the advance approval of the Corporate Governance and Nominating Committee of the Board of Directors. SGI will promptly disclose any such change or waiver as required by law or stock exchange regulations. Questions about the

application of or change to or granting a waiver of the Code in other circumstances should be directed to the General Counsel.

The Code is reviewed annually by the Corporate Governance and Nominating Committee of the Board of Directors. SGI may revise this Code from time to time and reflect the changes in the Code posted on the SGI Integrity website at <http://integrity.corp.sgi.com>.

## SEEKING ADDITIONAL GUIDANCE

No set of business guidelines can anticipate every possible situation. However, an understanding of the basic issues and concepts should alert you to the potential implications of your business conduct and help you to determine the right course of action. It may help to consider your actions in light of a series of questions:

- Is it legal and ethical?
- Is it against company policy or the Code of Business Conduct and Ethics?
- Is it the “right” thing to do? Would I still do this if this were my own company?
- Is it something I could tell my family?
- How will this action look if reported in the media?
- Does this action reflect respect for others it may affect?
- Would failing to act make the situation worse or allow a “wrong” to continue?

You won’t find every answer here, so this Code identifies resources you can call on for guidance.

Your immediate or divisional manager or any executive, including the General Counsel, is available to help you. In some cases it may be best to contact one of SGI’s internal resource groups with particular expertise, such as Human Resources, Legal Services, Finance, Internal Audit Services, or the Export Compliance group. You may also contact SGI Integrity Line at 866.480.6137 [dial the AT&T access code for your country first outside the U.S. and Canada for toll-free access].

Additional information on various corporate and regional policies may be found on our corporate intranet at <http://www.corp.sgi.com> or on the corporate intranet in each of our global regions.

It doesn’t matter which of these resources you use as long as you seek guidance when you are uncertain or concerned about a situation. We all share responsibility for maintaining an ethical business environment.

No company can fulfill its commitment to act with integrity if, as individuals, we do not speak up when we should. The obligation to raise a concern about a possible violation of the law or SGI policy is one of your most important responsibilities as an SGI employee. This means that, in addition to knowing the legal and ethical responsibilities that apply to your job, you are also required to speak up if:

- You are unsure about the proper course of action and need advice; or
- You believe in good faith that someone acting on behalf of SGI has done – or may be about to do – something that violates the law or the standards set forth in this Code.

If you do have a question or concern about financial, legal or ethical standards, what should you do? At SGI, we work hard to foster an environment of open, honest communication. SGI has an Open Door Policy that encourages any employee to discuss in private and without fear of retaliation with any SGI manager or executive at any level any matter of concern or any idea that may help SGI succeed. When you have a problem, question or concern, you have several options available to you.

Many compliance issues can be resolved most effectively with your manager or a group executive, and we encourage you to raise any concern in this way. If you prefer not to raise an issue in this way or if you feel that taking it to your manager has not adequately resolved the matter, it's your responsibility to take the issue to one of the other contacts listed below.

Resources for help or advice include:

- Your next level of management, the head of your group or any senior executive, including the General Counsel;
- SGI's internal resource groups, such as HR, Legal, Finance and Internal Audit, Security and Facilities or Export Compliance, as appropriate; or
- If you feel unsure about where to go or are uncomfortable using one of the resources identified above, SGI offers an additional resource: the SGI Integrity Line at 1.866.480.6137.

The SGI Integrity Line operates 24 hours a day/seven days a week. Its sole purpose is to receive questions and concerns about financial, legal or ethical compliance and the SGI policies described in this Code. Outside the U.S., dial the AT&T direct access number for the country you are in, then dial the SGI Integrity Line toll-free number. If you wish, your call to the SGI Integrity Line may be made anonymously. More information about the SGI Integrity Line is available on SGI Integrity website at <http://integrity.corp.sgi.com>.

The important thing to remember is to seek guidance when you are uncertain about a situation or believe that a violation of the law or an SGI policy has occurred or is about to occur.



Seek Guidance if  
You Have a Question  
or a Concern





## FINANCIAL STATEMENT INTEGRITY AND BUSINESS RECORDS

The integrity of SGI's financial records is critical to the operation of our business and is a key factor in maintaining the confidence and trust of our employees, customers, stockholders and other constituencies. We must ensure that all business transactions are properly recorded, classified and summarized in accordance with SGI's accounting and financial policies, which require compliance with U.S. Generally Accepted Accounting Principles and applicable laws and regulations.

It is a violation of SGI's policy to misrepresent or otherwise knowingly compromise the integrity of SGI's financial statements. No SGI employee may enter information in the Company's books, records or accounts [whether computerized, reflected on paper or email or otherwise maintained] that intentionally hides, misleads or disguises the true nature of any financial or non-financial transaction or result. In addition, each employee must retain, protect and dispose of company records in accordance with applicable record retention policies.

### **At SGI, we:**

- Keep accurate and complete books and records to reflect all business transactions;
- Maintain an effective system of internal controls over financial reporting;
- Preserve documents and records that are known to be relevant to pending or reasonably foreseeable litigation, audits or investigations, and as directed by SGI counsel;
- Use care to make documents that we create accurate and truthful;
- Retain company records to comply with our obligations;
- Make appropriate use of and keep our computers and networks secure;
- Safeguard confidential, proprietary and personal information; and
- Protect our intellectual property and respect that of others.

### **We do not:**

- Put personal interests ahead of SGI's best interests;
- Use SGI's resources, intellectual property, time, facilities, funds and other assets for personal gain or improper purposes;
- Establish any undisclosed, unrecorded or secret SGI fund or asset for any purpose;
- Enter into any transaction or agreement that accelerates, postpones or otherwise manipulates the accurate and timely recording of business revenues or expenses;
- Make any payment regardless of size on SGI's behalf without adequate supporting documentation or for any purpose other than as described in such documentation; or
- Allow access to SGI funds or assets without proper authorization.

All employees are expected to comply with all SGI finance policies in the conduct of SGI's business activities, both domestically and abroad. You may access the finance policies on our corporate intranet at <http://www-finance.corp.sgi.com/policy/policy.html>.

## RELATIONSHIPS WITH AUDITORS

It is expressly against SGI policy to unduly or fraudulently influence, coerce, manipulate or mislead independent or internal auditors regarding financial statements, processes or internal controls.

You may not engage, directly or indirectly, any outside auditor of SGI to perform any audit, audit-related, tax or other services, including consulting, without written approval from the CFO or Controller and the audit committee of the SGI Board of Directors.

To preserve our outside auditors' independence, you may not hire or discuss an offer of employment with any employee of our outside auditor except in compliance with SGI's finance policies.

## LEGAL PROCEEDINGS AND RETENTION OF RECORDS

Lawsuits, legal proceedings and investigations concerning SGI must be handled promptly and properly. The Company must cooperate with appropriate government inquiries and investigations. You are required to contact Legal Services immediately in the event you become aware of a threatened lawsuit, legal proceeding or investigation brought by private parties or by any governmental agency.

Records relevant to a lawsuit, legal proceeding or investigation must not be altered or destroyed, and must be promptly produced and turned over to Legal Services upon request. If you are involved on SGI's behalf in a lawsuit or other legal dispute, you must avoid discussing it with anyone inside or outside of SGI without prior approval of Legal Services. You are required to cooperate fully with Legal Services in the course of such lawsuit, legal proceeding or investigation.

## CONFLICTS OF INTEREST

A conflict of interest occurs when your personal, financial, social or political interests interfere with the interests of the Company. Even the appearance of a conflict of interest can damage your reputation or SGI's reputation.

You should not, except under circumstances approved by the General Counsel (or, if you are an executive officer or Board member, by the Corporate Governance and Nominating Committee of the Board of Directors) as reasonably designed to neutralize any potential conflict:

- Use SGI property, position or information for personal gain;
- Take for yourself personally any business opportunity that arises through the use of corporate property, information or position;
- Compete with SGI, which means engaging in a line of business pursued by SGI or any situation where you take away from SGI opportunities for sales of products or services; or

- Have a substantial personal or family financial interest in any SGI supplier, customer, reseller or competitor that may give rise to a conflict of interest.

Although conflicts of interest can arise in many ways, they often involve one or more of these issues:

- Outside Board memberships;
- Outside business interests;
- Outside employment, including consulting relationships;
- Outside investments;
- Business relationships with friends or relatives; or
- Acceptance of gifts, payment or services from those seeking to do business with SGI.

Any potential conflict of interest should be promptly disclosed in writing to your manager and Vice President, who will consult with the General Counsel in the case of any situation deemed by them to be covered by this policy. Executives and members of the Board of Directors should disclose potential conflicts directly to the General Counsel. The General Counsel will notify the Corporate Governance and Nominating Committee of any situation involving an executive officer or Board member deemed to be covered by this policy. Conflicts of interest involving the General Counsel shall be disclosed directly to the Corporate Governance and Nominating Committee. Such potential conflicts should also be disclosed whenever you are asked to acknowledge your understanding of and adherence to the standards in this Code.

Many conflicts of interest can be resolved in a simple and mutually acceptable way, but some situations are more complex. When in doubt, share the facts of the situation with your manager, Vice President or the General Counsel.

## HANDLING CONFIDENTIAL AND PROPRIETARY INFORMATION

### SGI PROPRIETARY AND CONFIDENTIAL INFORMATION

Information is an increasingly valuable asset in today's business world. It is created and communicated at an ever faster pace. From time to time, you may have access to various forms of proprietary and confidential information regarding SGI. Any information concerning SGI, its products, or its business that is not generally available to the public is confidential or "inside" information. All employees should take care to use inside information about the Company or its business only in the course of performing their jobs. It is Company policy that inside information may not be used at any time for improper purposes. It is important to remember that your obligation to maintain the confidentiality of proprietary information imposed under SGI's standard confidentiality agreement remains in effect even after you no longer work for SGI. Likewise, SGI requires new employees to honor any continuing confidentiality obligations that they have with previous employers.

Additional guidance on the treatment of SGI confidential information can be found on the SGI Integrity website at <http://integrity.corp.sgi.com>.

## INTELLECTUAL PROPERTY RIGHTS

SGI's intellectual property rights, including patents, trademarks, copyrights and trade secrets, are essential to the success of our business. SGI's agreements with its employees and various laws provide that any work made, conceived or reduced to practice by employees or contractors during the period of their service to SGI belongs to SGI. All work product is to be promptly disclosed and, if required, assigned to SGI. All employees and contractors must cooperate with SGI to perfect the intellectual property rights SGI determines are necessary or appropriate to protect its rights in this work product. More information regarding the use and protection of SGI's intellectual property rights is available on the Global Legal Services home page on our corporate intranet at <http://legal.corp.sgi.com>.

## HANDLING THIRD-PARTY INFORMATION

We also may come into possession of sensitive information from or about third parties. This information may be given to us in writing under a formal confidentiality agreement with specific procedures for its use and protection, or may be received informally, in conversation or otherwise. Regardless of how the information is received, we need to protect third-party confidential information given to us in the course of our business dealings in ways that are similar to the ways in which we protect our own confidential information. Particular sensitivity exists when we receive certain types of confidential or proprietary information from or about competitors, customers and suppliers. For more information, see the section of this Code entitled "Fair Trade Standards".

## USE OF COPYRIGHTED MATERIAL

Unauthorized copying and distribution of copyrighted material are illegal and can expose you and SGI to severe civil and criminal liability. This applies to all types of copyrighted works, including music, movies, software, technical documentation, and other literary and artistic works. You must not make, store, transmit or make available unauthorized copies of copyrighted material using SGI's computer networks or storage media. Nor may you use peer-to-peer file transfer services, or take other actions likely to promote or lead to copyright infringement. In addition, you must not use in your work copyrighted materials that are likely to be owned by others without first verifying with Legal Services or the I/T Department (in the case of application software) that a license is in place that permits the intended use. Please refer to SGI's policy on the use of copyrighted material located on the Global Legal Services home page on our corporate intranet at <http://legal.corp.sgi.com>.

## PRIVACY

SGI has a responsibility to protect the privacy of information that customers, consumers and employees entrust to us. Individuals who do not have a business reason to access this information should never seek to do so, and those who do have a legitimate access should take care to make sure that no unauthorized release or use of private customer, consumer or employee information ever occurs. Customer and consumer privacy is an important area where rules are still developing, both within and outside the U.S. SGI is committed to monitoring evolving privacy standards and may, from time to time, develop additional policies in light of them.

## PUBLIC DISCLOSURE

Employees may not communicate inside information to anyone outside of the Company, unless the person has a need to know the information for reasons related to the Company's business. Even then, the communication should be made in keeping with appropriate guidelines and safeguards—for example, under an appropriate Non-Disclosure Agreement.

Public communications about the Company's business and prospects are centralized to ensure timely and comprehensive communication, as well as to prevent insider trading liability. There are only a limited number of people authorized to discuss the state of the Company's financial and business performance with financial or industry analysts, journalists and current or prospective investors. These include the Chief Executive Officer, the Executive Vice Presidents, the Public Relations and Investor Relations teams, and other individuals expressly authorized by such persons to engage in discussions of this nature. All inquiries from financial or industry analysts, current or potential investors or the media should be referred to the appropriate individuals.

## PROTECTING SGI RESOURCES

Each of us must take care to safeguard SGI resources and assets, including protecting them from unauthorized use.

## USE OF SGI INFORMATION SYSTEMS

We rely on a variety of computing and communication tools (collectively, "networks") to facilitate our business, both internal and external to SGI. These networks include, among other things, desktop systems and laptops, servers, internal and external networks, electronic mail, telephone and fax systems, and postal systems. SGI networks are to be used in a way that is consistent with our business objectives and policies.

SGI's information resources are intended for company-related business use. As a practical matter, we recognize that employees may occasionally use our networks for personal use. Employees are prohibited from using SGI's information systems to conduct any illegal or unethical activity whether or not such activity is explicitly covered in this Code. For example, employees may not use an SGI information system to transmit material non-public information, to engage in illegal gambling or to download pirated music. Employees should understand that our networks and the software and information stored or communicated on them are SGI's property. Employees have no privacy rights in these materials. SGI reserves the right to examine, use, copy and/or delete user files, and to review communications on its networks, for purposes that the Company determines are consistent with its business interests.

All SGI policies, including our policies on business practices and employee conduct, apply equally to the use of our networks. Electronic communications regularly contain business goals, product availability, current customer prospects, organizational changes, product directions, recent customer wins, internal company policies and strategic competitive analysis, much of which is confidential information, although it may not be labeled as such. Use good judgment in protecting this material

from inappropriate use or disclosure. Do not assume that any network communication is secure.

Employees who have questions or concerns regarding the use of SGI networks, should discuss these issues with their manager or the Chief Information Officer, or should contact Legal Services. In addition, please refer to the Electronic Communication, Network Usage, Workplace Privacy and other relevant SGI policies available on the HR Central homepage of our corporate intranet.

## SECURITIES TRANSACTIONS

Insider trading, which means trading in SGI securities or the securities of other companies while in possession of “material,” non-public information, is illegal and absolutely prohibited by SGI. You cannot use information gained through SGI, before this information is known publicly, to buy or sell the securities of any company, including SGI. Nor can you give inside information to anyone else so that they can trade.

It is in both the Company’s and the employee’s best interest to avoid insider trading. Not only can it have severe civil and criminal consequences but, just as importantly, it violates the confidence and trust placed in each employee by SGI and its stockholders. Please refer to SGI’s policy on Insider Trading available on the SGI Integrity website at <http://integrity.corp.sgi.com>. If you have a question about a specific transaction, please contact Legal Services.

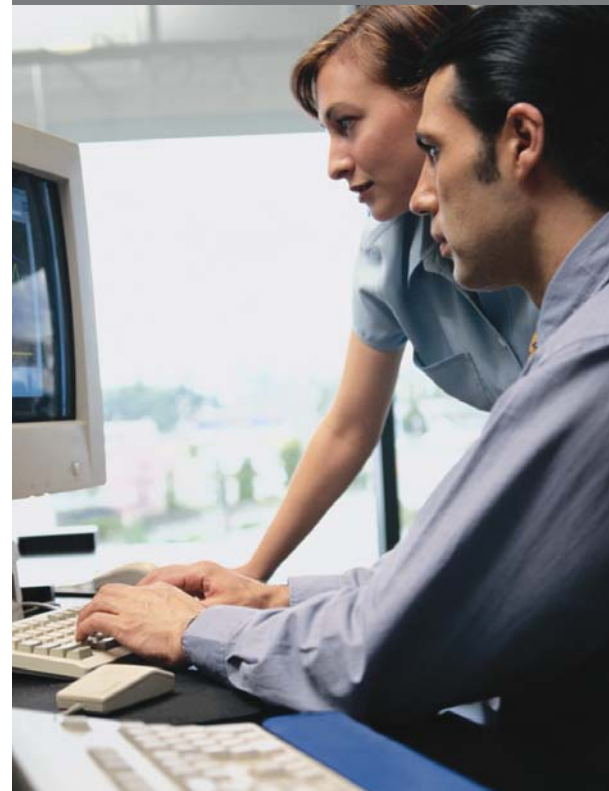
## POLITICAL ACTIVITIES

Contributions to political campaigns are controlled by law in the U.S. and may be in other countries. SGI neither endorses nor contributes to political candidates, partisan groups, or committees supporting candidates. However, we will occasionally take a position on legislative or ballot issues that directly affect our business. Individual political involvement is a matter of personal choice. SGI employees are free to make personal political contributions but will not be reimbursed by SGI in any way. SGI does not solicit individual political contributions, and SGI information systems should not be used for such solicitations.

For more information regarding SGI’s policy with regard to political activities, including lobbying, visits by public officials and political candidates, election materials, and employees as officeholders, please refer to the SGI Integrity website at <http://integrity.corp.sgi.com>.



Safeguard  
SGI’s Resources  
and Assets



## PAYMENTS AND GIFTS

### BRIBES AND KICKBACKS

Bribes and kickbacks are not acceptable business practices in any context and are strictly prohibited by any SGI employee. When you give something of value to someone to obtain favorable treatment, that constitutes a bribe. This is true even if the bribe is of nominal value and even if you do not actually receive favorable treatment. Kickbacks are payments made for the purpose of obtaining or rewarding favorable treatment in connection with a sale or purchase. Bribes and kickbacks can include cash or non-cash payments in the form of goods, services, use of another company's property, forgiving an obligation, and so forth. Bribes and kickbacks may be offered either directly or through a third party in order to influence the recipient to return the favor. Regardless of their form, these kinds of payments are not acceptable at SGI.

For example, paying a freight forwarder to expedite a shipment through customs is not acceptable if the agent doesn't follow applicable rules and regulations and gives "gifts" to the family of a government official to facilitate the shipment. Ask Legal Services if you have questions whether a particular business practice would be prohibited under this policy.

### RECEIVING GIFTS AND BUSINESS COURTESIES

It is sometimes customary for persons transacting business with each other to provide or accept gifts, meals or similar business courtesies. SGI employees may not accept cash gifts for any purpose and should never accept any gift, favor or entertainment if there is any expectation of a return favor implied. It is generally permissible to accept promotional items of nominal value that are normal and customary given the business circumstance; however, you should note the special rules that apply to our Government business described below. If you are unsure whether an item can be considered only nominal in value, you should consult Legal Services who may require you to return it or turn the gift over to your divisional manager or Human Resources representative.

Gifts can also take the form of invitations to entertainment or sporting events. Lunches or dinners where substantive business discussions occur are generally legitimate. A free private meal for you and your spouse is not a legitimate function. An invitation to an event such as a golf or tennis tournament may be appropriate if it demonstrably helps us to build a business relationship. Before you accept an invitation of this type, it should be approved by your manager at the Vice President or more senior level.

One way to determine what is acceptable is to consider how your behavior would appear to a third party, like a fellow employee, a Company stockholder or a competitor of the supplier offering you a gift or entertainment. Employees in a position to influence purchasing or sourcing decisions have an added obligation to take special care in this area. Remember, we want to avoid even the appearance of impropriety. Suppliers win Company business on the basis of product or service suitability, price, delivery and quality.

## GIVING GIFTS AND BUSINESS COURTESIES

Similar rules apply to giving gifts. Don't bribe or give a gift with the intention of obtaining inappropriate benefits. Even if your intentions are good, don't give a gift that may be seen as a bribe. Be especially careful about gifts to government officials, as stricter rules apply. A gift that is appropriate when given to a business contact might be perceived as a bribe to a Government employee. If in doubt, consult Legal Services.

For example, an SGI product may not be given to a customer for personal use. Free access to Company resources or assets, such as computer time or scrap or excess materials, is inappropriate outside of the context of a corporate program.

U.S. law generally prohibits gifts to foreign Government and other officials, such as political candidates, political parties and their officials, employees of Government-owned businesses, UN officials, etc. The restrictions imposed on these types of gifts or payments by the U.S. Foreign Corrupt Practices Act are set forth in the section entitled, "Payments to Foreign Government Officials."

## SPECIAL U.S. GOVERNMENT RESTRICTIONS

The U.S. Government imposes special restrictions on conflicts of interest, gifts and entertainment and employment of Government employees where Government contractors are involved. Violations of the gratuity restrictions applicable to Government solicitations and contracts can result in contract termination, assessment of breach of contract damages against SGI, possible exclusion of SGI from eligibility to receive award of Government contracts and subcontracts, and potential civil/criminal penalties. SGI has strict rules on both offering and receiving gifts and entertainment in this context. Please refer to SGI's Government Contracting policy available on the SGI Integrity website at <http://integrity.corp.sgi.com> for details.

There are also special rules concerning employment of U.S. Government employees. Because the rules in this area are complex, you should not initiate employment discussions with any current or former Government employee without first consulting Legal Services. Please refer to SGI's policy on the hiring of Government employees available on the SGI Integrity website at <http://integrity.corp.sgi.com> for more information.

## PAYMENTS TO FOREIGN GOVERNMENT OFFICIALS

The U.S. Foreign Corrupt Practices Act [FCPA] prohibits SGI from promising, offering, or giving any thing of value to foreign government officials for the purpose of obtaining favorable government action, keeping government business, or for any improper purpose including, for example, a reduction in taxes or customs duties. The FCPA requirements apply to SGI's business activities inside and outside the U.S. Violations of this law can result in substantial fines for the Company and both prison sentences and monetary penalties for Company officials and employees involved in a violation. Over 70 countries now also have equivalents of the FCPA. A U.N. convention that will have similar effect when ratified has been signed by over 100 countries. Many countries in addition to the U.S. have domestic bribery and international anticorruption laws and SGI must comply with all applicable laws. If you have a question about applicable or conflicting law, contact Legal Services immediately.



The FCPA prohibits SGI from offering, paying or promising to pay or give money or anything else of value to a foreign government official (including legislators, judges, employees of state-controlled businesses, officials of international organizations, political parties or candidates) for the purpose of:

- Influencing their acts or decisions to benefit SGI or others or
- Inducing foreign officials to use their influence to assist SGI or others in obtaining or retaining business or any improper advantage.

The law covers both direct and indirect behavior, and cannot be avoided by using a third party (for example, a foreign partner, agent, consultant or distributor) to channel payments to foreign government officials for the same purposes. SGI may be deemed responsible for the conduct of third parties hired without adequate investigation of their background. Indirect payments may violate this law in situations where it is likely that an illegal payment may occur.

The FCPA also requires SGI to maintain adequate internal accounting controls and accurate books and records. For further discussion of the books and records requirements, see “Financial Statement Integrity and Business Records”. For more information, see the FAQ available on the SGI Integrity website at <http://integrity.corp.sgi.com>.

## FAIR TRADE STANDARDS

All countries have laws governing commercial transactions, especially the relationship between buyers and sellers. These fair trade laws (including antitrust, intellectual property, and unfair competition laws) are generally intended to encourage and preserve fair and vigorous commerce.

Antitrust or competition laws vary from country to country, but generally such laws prohibit agreements or actions that unreasonably restrain trade and restrictive practices that may unreasonably reduce competition without providing beneficial effects to consumers. Among those agreements and activities generally found to violate antitrust or competition laws are agreements and understandings among competitors to fix or control prices; to boycott specified suppliers or customers; to divide or allocate markets or customers; or to limit the production or sale of products or product lines for anti-competitive purposes. Such agreements are strictly prohibited by SGI policy. Employees must never engage in discussions of such matters with representatives of other companies and you should report to Legal Services any instance in which such discussions are initiated by other companies.

SGI also prohibits the use of unfair methods of competition and deceptive practices. Examples of these include making false or misleading representations about SGI’s products, falsely disparaging a competitor or its products, making product claims without sufficient facts to substantiate them, and using another company’s trademarks in a way that confuses the customer as to the source of a product.

In addition, resellers are an important part of our business model. We need to be aware of the special concerns that apply to dealing with resellers, particularly with respect to pricing and other restrictions and establishing or ending reseller relationships. Please refer to SGI’s Fair Trade Standards Policy available on the SGI Integrity website at <http://integrity.corp.sgi.com> for more information regarding conduct involving with resellers, antitrust and unfair competition. Because these laws are complex, you should seek advice from Legal Services on any related question.

## GLOBAL BUSINESS STANDARDS

We expect our employees worldwide to comply with SGI policies that apply to international business transactions. This includes the ethical standards of each country in which we conduct our business, all legal requirements of those countries, and any applicable U.S. laws. When we engage outside consultants or agents to act on our behalf, the terms of the engagement must reflect a similar commitment.

## PAYMENT STANDARDS

Trading in products in violation of customs or fiscal laws has different names – such as “contraband,” “smuggling” or “tax evasion.” Law enforcement officials around the world are increasingly concerned about contraband and its connection with another criminal activity – “money laundering.” Money laundering is the process by which criminals, including terrorists, try to conceal their funds, or otherwise make the source of their funds look legitimate. SGI’s policy on money laundering is clear: we will not condone, facilitate, or support contraband or money laundering and we will help Governments prevent illegal trade involving our products.

SGI supports anti-money laundering policies by using certain procedures to avoid receipt of cash or cash equivalents that are the proceeds of crime. All suspicious transactions or activities by any customer in dealing with SGI are to be promptly reported to the General Counsel. See SGI’s Worldwide Finance Policies and the “Financial Statement Integrity and Business Records” section of this Code for additional guidance.

## COMPLIANCE WITH EXPORT CONTROL LAWS

The U.S. government regulates the export of products incorporating technology that could be used in the design, development or production of chemical, biological or nuclear weapons or missile systems. In addition, export and other regulations impose trade sanctions and prohibit sales to certain individuals and organizations [e.g., persons or entities designated as terrorists or terrorist supporters, narcotics traffickers, or those acting on behalf of sanctioned governments]. Our policy of compliance with these laws is an extremely important one, with significant implications for the Company’s international business and our role as a key provider of technology to the U.S. national security community.

Export controls apply to direct and indirect sales. If an export license is required to complete a transaction directly from the U.S., it also will be required if the same transaction is conducted indirectly through a foreign affiliate or subsidiary.

All exports of SGI products [including support, spares, and technical data] must be accompanied by proper export documentation and covered by the appropriate regulatory authorization.

Many countries in addition to the U.S. regulate exports. SGI operations worldwide must comply with all applicable export control laws. Where there are conflicting legal requirements, the Export Compliance group will determine the appropriate course of action in consultation with Legal Services.



## Focus on Our Global Business Standards



Whenever you are involved in a potential sale of SGI technology for use outside the U.S., contact the Export Compliance group before you take the order to determine what requirements will apply. Violations of the export control requirements may result in fines and/or imprisonment or revocation of SGI's export privileges. For more information, consult the Export Compliance group.

### COMPLIANCE WITH U.S. ECONOMIC SANCTIONS

The U.S. government uses economic sanctions as a means of protecting against threats to the U.S. national security, foreign policy or economy. Sanctions may be imposed against governments, organized groups, businesses, individuals or particular activities. In addition, other countries impose economic sanctions on certain persons. SGI operations worldwide must comply with applicable national measures. However, compliance with some local sanctions, such as the Arab Boycott of Israel, would violate U.S. law. Where there are conflicting requirements, the Export Compliance group in consultation with Legal Services will determine the appropriate course of action. Compliance with economic sanctions measures is critical to SGI, not just in terms of potential criminal or civil liability, but in terms of our reputation. Due to the complex and varied nature of economic sanctions programs, all business transactions and negotiations involving any sanctioned country must be checked in advance with Legal Services. See SGI's policy on Compliance with Economic Sanctions located on SGI's Integrity website at <http://integrity.corp.sgi.com>.

### COMPLIANCE WITH U.S. INTERNATIONAL BOYCOTT LAWS

Under U.S. law, SGI may not cooperate with, and must report to the U.S. government, any request concerning foreign boycotts or related restrictive trade practices. SGI operations worldwide must comply with the U.S. antiboycott laws in conducting our business. All agreements with government entities or customers in nations participating in an international boycott must be reviewed by the Legal Services group before execution. All requests or orders from customers in boycotting nations must be reviewed by the Export Compliance group for antiboycott law compliance, even if no agreement is entered into with SGI. All boycott requests of any kind, including requests for information unrelated to specific transactions, must be reported immediately to the Export Compliance group or to Legal Services, whether or not the request is acted upon, so we can, as required by law, report them to the U.S. government. For more information, see the FAQ entitled "U.S. Antiboycott Laws" available on the SGI Integrity website at <http://integrity.corp.sgi.com>.

## CUSTOMS

As a general rule, importation of our Company's products is subject to various customs and fiscal laws and regulations. In particular, physical importation of products into a country must usually comply with either [1] regulations that specify the import duties, value added tax, excise tax, and the like that may be payable in relation to our products; or [2] tax, bonding, or other similar regulations that govern "tax or duty free" shipments. You must be sure that all imports comply with these requirements, and that any information provided to customs and tax officials is accurate and truthful.

## PROCUREMENT STANDARDS

As an SGI employee, you are expected to maintain a high level of integrity in all your business affairs. Specifically:

- When purchasing products and services on the Company's behalf, you should work with a designated SGI purchasing agent to first solicit competitive bids and quotations. Evaluate vendors on the basis of quality, service, reliability, and price.
- Products and services may be purchased on SGI's behalf only when properly authorized by appropriate signatories and otherwise as permitted under SGI's Finance Policies.
- Encourage anyone who wants to become an SGI supplier to submit quotations for purchase requirements, including small business, female-owned businesses and disadvantaged business. These suppliers should be selected when their product quality or service meets our requirements and when their price is equal to or lower than similar qualified sources.
- Prices and confidential information received from a supplier may not be disclosed outside SGI, and conflicts with or proprietary data of one supplier may not be disclosed to another supplier.

SGI's suppliers are expected to comply with all applicable Equal Opportunity and Affirmative Action laws.

## ADVERTISING, MARKETING & SALES PRACTICES

SGI attracts and fosters long-term relationships with our customers by providing quality products and services. Our advertising, marketing and sales practices reflect SGI's commitment to honest and fair dealings with our current and prospective customers.

Statements made in SGI advertising and marketing material and other statements to our current and prospective customers must be accurate, truthful and in compliance with applicable law. In the U.S., SGI advertising and promotional materials, including comparisons with competitive products or services, must be formally substantiated and documented with current factual data before publication. In some countries, comparative advertising may be unlawful or subject to more restrictive rules. You should consult Legal Services before using product or service comparisons in SGI advertising or promotional material.

## CONTRACTING

Our contractual relationships with SGI customers, suppliers, resellers or other outside parties are key elements to our success. If you have dealings with these parties, you are required to understand basic principles of business transactions and to abide by SGI contracting policies and guidelines. All appropriate approvals must be obtained before any contract is executed, modified or amended. You may not enter into any unauthorized contract or amend or modify a contract through an unapproved “side letter” or oral agreement. Entering into such “side letters” or oral agreements are grounds for disciplinary action consistent with local requirements, up to and including termination.

Only certain SGI employees are authorized to sign contracts or commit SGI to acquiring products or services or providing anything of value to a third party. Before signing any document committing SGI to purchase or sell goods or services or to take on any other obligation, you must ensure that you have the required signing authority. Authorized signatories for these contracts are generally the responsible Vice President and those persons to whom that Vice President has delegated signature authority in writing, however you should check with your own department for specific authorizations. If you are authorized to sign documents on behalf of SGI, you may not delegate this authority without the approval of the General Counsel.

For information on the special rules that apply when contracting with the Government, refer to the Government Contracting policy available on the SGI Integrity website at <http://integrity.corp.sgi.com>.

## GOVERNMENT CUSTOMERS

As a Government contractor, SGI is subject to many laws and regulations, unique to Government contracting, which govern award and performance of the Company’s agreements with U.S. military and other Government customers. While integrity is the foundation for dealings with all customers, special rules apply when the Government is our customer—rules that are in some cases very different from those that apply in dealing with a commercial customer. These rules may also apply to companies that bid or work on government contracts. You may not seek or accept contractor bid or proposal information or source selection information before the award of a Federal agency procurement contract. SGI employees may not discuss with a competitor the Company’s intent to submit a bid or offer to a Government customer, the prices offered or to be offered to the customer, or its method of calculating prices. Doing so is a violation of the U.S. Procurement Integrity Act.

Each employee who deals with any governmental agency or contracting must understand the Company’s standards for conducting business with military and other Government customers, and the consequences of violating these standards. In addition to typical contractual remedies, such as termination of the contract, violations can result in criminal and civil penalties. For more information, refer to the Government Contracting policy available on the SGI Integrity website at <http://integrity.corp.sgi.com>.

Talented people choose to join and remain with organizations where they are valued, challenged and capable of making a meaningful difference. The Spirit of SGI was formulated by our employees in 1984 as a way of communicating the culture we want to have in order to attract, retain and motivate top talent around the world.

## THE SPIRIT OF SGI

We who...

are open and receptive,  
hear and understand.

Talk straight and honest,  
are heard and understood.

We who...

are full of enthusiasm and fun,  
watch it spill over and catch on.

Respect, trust and support,  
are lifted above our squabbles.

We who...

seek solutions rather than blame,  
fuel and sustain our growth.

Empower others and delegate,  
find our scope increased.

We who...

set objectives and propagate them,  
find our objectives met.

Encourage creativity,  
see results beyond our expectations.



Working Together  
in the Spirit  
of Cooperation



## WHAT WE AIM FOR

At SGI, it is important to have a positive work environment for all employees and business partners. A positive work environment is one where individuals—with their many cultures, ethnicities, and lifestyles—are respected and where we can all work together in an environment which promotes “the power of many and the spirit of one.” SGI is committed to fostering a workplace that is safe, professional and that ensures the rights and dignity of everyone.

## DIVERSITY, EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION

Every employee and prospective employee has the right to opportunity and advancement, based on individual achievement, ability, and performance. It is SGI’s policy to strictly follow all applicable laws and to treat employees in all interactions with the Company without regard to personal characteristics such as race, color, national origin, religion, ancestry, age, sex, marital status, sexual orientation, medical condition, physical or mental disability, political affiliation, or veteran status.

Managers are responsible for maintaining a discrimination-free workplace. All employees share the Company’s responsibility for mutual understanding, support, and a spirit of cooperation. All managerial actions will follow this policy of non-discrimination. There may be additional protections provided to employees based on local laws or regulations.

In the U.S., a discrimination-free work environment also means taking affirmative action to increase employment opportunities for women, minorities, the disabled and certain veterans. U.S. affirmative action laws and programs exist to ensure fair and equal access to job opportunities for all U.S. citizens. While these laws are pertinent to businesses that contract with or sell products to the Federal Government, they are also in keeping with SGI’s philosophy of inclusion and strength through diversity.

## HARASSMENT-FREE WORK ENVIRONMENT

At SGI we are committed to maintaining a harassment-free work environment. We insist that all employees treat each other—as well as contractors, business partners, visitors, and customers—with dignity and respect. We will not tolerate any conduct that violates these guidelines.

Harassment is conduct that denigrates or shows hostility towards a person because of race, color, national origin, religion, ancestry, age, sex, marital status, sexual orientation, medical condition, physical or mental disability, or veteran status.

More specifically, harassment is conduct that creates an intimidating, hostile, or offensive work environment and prevents a person from performing his or her job or adversely affects a person’s employment opportunity. Sexual harassment, in particular, can include sexual advances, requests for sexual favors, unwanted physical contact or repeated and unwelcome sexual suggestions. Other prohibited conduct includes: offensive racial, ethnic, religious, age-related, or sexual jokes or insults; distributing or displaying offensive pictures or cartoons; and using voicemail, e-mail or other electronic devices to transmit derogatory or discriminatory information. This kind of behavior has no place at SGI.

Please refer to SGI's policies on Discrimination, Affirmative Action and Harassment available on the SGI Integrity website at <http://integrity.corp.sgi.com>.

## HEALTH, SAFETY AND SECURITY OF EMPLOYEES

SGI is committed to providing its employees with a safe and secure work environment. Safety is especially important in manufacturing locations, which are subject to significant workplace safety regulations. Each work location has safety rules that must be followed. Our Company complies with all health and safety laws, as well as our own health and safety policies.

Having safety rules is not enough, however. SGI's commitment to safety means that each of us needs to be alert to safety risks as we perform our jobs. All employees of SGI must know the health and safety requirements associated with their jobs.

A safe and secure work environment also means a workplace free from violence. Threats [whether implicit or explicit] and violence have no place at any SGI facility and will not be tolerated. You should report any unsafe practices – including threats or intimidation. If there is an immediate threat to a person, property or the environment, you should follow the designated emergency procedures for your facility. Please refer to SGI's Health and Safety and Security policies located on the HR Central home page at [http://hrcentral.corp.sgi.com/policies\\_guidelines](http://hrcentral.corp.sgi.com/policies_guidelines).



Respect the  
Rights and  
Dignity of Others





SGL recognizes the importance of conducting business and managing environmental issues in a responsible manner. SGL is committed to minimizing environmental impact and uses the following principles to guide our efforts:

- Comply with environmental regulations and conduct operations in an environmentally sound manner;
- Apply the principles of “reduce, reuse, and recycle” in product development, manufacturing, marketing and facility management;
- Actively promote environmental responsibility among our employees, encouraging them to take environmental initiatives;
- Work with suppliers and vendors on issues concerning the environment and compliance with environmental regulations;
- Aggressively pursue continuous improvement in SGL’s environmental performance; and
- Clearly communicate SGL’s environmental policy, practices, and impact to all relevant parties.

Please contact Legal Services with any questions or concerns.

SGI's Code of Business Conduct and Ethics is more than just a description of our Corporate Business Standards. It is the centerpiece of a company-wide compliance program supported by our Board of Directors and senior company management.

## TRAINING

SGI will be implementing mandatory ethics and specific compliance-based training for each member of its workforce to provide the tools needed to make compliance decisions in the workplace. Managers and employees are encouraged to discuss ethical issues at staff meetings and whenever appropriate to reinforce the Company's commitment to fostering an environment of the highest ethical business conduct.

## INVESTIGATIONS

When you report a concern to SGI using one of the alternatives outlined above, your question or concern will be promptly addressed. The information that you provide will be kept confidential except as appropriate to conduct the investigation, take any remedial action or otherwise in accordance with applicable law.

If your concern requires an investigation, it will be initiated promptly. Wherever possible, you will be advised of the status of the investigation and the outcome. However, to respect confidentiality for all concerned, detailed information will only be shared with those who "need to know". The action that SGI will take as a result of substantiated misconduct will vary depending on the type of case and the severity of the misconduct. Termination of employment, suspension, written or oral reprimands, and counseling are among the actions that may be taken. Other corrective actions, including training, accounting adjustments, reassignment and reorganization, and additional auditing may also be taken. In addition, SGI may be required to report the conduct at issue to regulatory authorities.

Each of us must cooperate in any internal or external investigation of possible violations. Retaliation against any employee for seeking advice, raising or helping to resolve a concern or reporting misconduct in good faith is strictly prohibited. Of course, a reporting employee who has participated in a violation cannot be exempt from the consequences. However, "self-reporting" and reports that prevent a violation from occurring will be positive factors. Collection of personal data by SGI or its outside service providers may involve a transfer of data outside of your country of origin. Such collection and transfer of the data will be done in compliance with SGI's data protection policy.

## NON-RETALIATION POLICY

**Retaliation will not be tolerated.** Any employee who, in good faith, seeks advice or raises a concern regarding, or reports misconduct under, the Code is following a requirement of this Code – and doing the right thing. Retaliation against any employee for seeking advice, raising or helping to resolve a concern or reporting misconduct in good faith is strictly prohibited. Individuals engaging in retaliatory conduct against anyone for raising or helping to resolve such a concern will be subject to disciplinary action consistent with local requirements, up to and including termination of employment. If you suspect that you, or another employee, have been retaliated against for raising a concern, you should contact the General Counsel or call the SGI Integrity Line immediately. We take claims of retaliation seriously. Allegations of retaliation will be investigated and appropriate action taken.

## ANNUAL ACKNOWLEDGMENT

Each year you will be asked to review the Code and acknowledge your personal commitment to compliance with the Code and other legal requirements for business conduct by completing a web-based acknowledgment in the form below. In addition, new employees will be required to complete the acknowledgment upon hiring. Each supervisor is responsible for ensuring that all personnel under his or her supervision understand the need to review the Code and complete the acknowledgement.

### ACKNOWLEDGMENT

- I acknowledge that I have received the SGI Code of Business Conduct and Ethics.
- I understand that I am required to comply with the policies described in the Code.
- I will participate in required training courses to learn more.
- When I have a question or concern about a possible violation of the law or the Code, I will seek guidance or raise the concern with one of the resources identified in the Code.



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