

SILICON GRAPHICS, INC.

Corporate Governance Guidelines and Principles

These Corporate Governance Guidelines and Principles (“Guidelines”) were adopted by the Board of Directors (the “Board”) of Silicon Graphics, Inc. (the “Company”) on October 18, 2006.

I. DIRECTOR RESPONSIBILITIES

A. Role of Directors.

The role of the Board is to direct, by acting directly or by delegating certain responsibilities to its committees, the affairs of the Company in the interest and for the benefit of the Company’s shareholders, including their interest in optimizing financial returns and the value of the Company over the long term. The Board has delegated to the officers of the Company the authority and responsibility for managing the Company’s everyday affairs. The Board has an oversight role and is not expected to perform or duplicate the tasks of the Chief Executive Officer or senior management.

B. Attendance and Preparation.

The Company’s directors recognize their obligation individually and collectively as the Board to pay careful attention and be properly informed about the business and operations of the Company. This requires regular attendance at board meetings (and the meetings of the committees on which they serve) and preparation for board meetings, including the advance review of circulated materials.

II. EXECUTIVE SESSIONS & LEAD DIRECTOR

The Company’s independent directors shall regularly schedule executive sessions in which members of management do not participate.

The executive sessions have such agendas and procedures as determined by the independent directors. The authority in such sessions to act on behalf of the Company or the Board on any matter requires an express delegation of authority by the Board.

In the event the Chairman of the Board also serves as the Chief Executive Officer, the Board, upon recommendation from the independent directors, will select a Lead Director. The Lead Director will preside at the executive sessions and will assume such further responsibilities as may be designated by the Board from time to time. The identity of the Lead Director will be disclosed in the Company’s annual proxy statement. In the event the Chairman of the Board qualifies as an independent director, no Lead Director will be necessary and the Chairman of the Board will preside at the executive sessions.

III. FORMAL EVALUATION OF THE CHIEF EXECUTIVE OFFICER

The Board has delegated to the Compensation and Human Resources Committee the task of formally evaluating the Chief Executive Officer annually, and the results of such evaluation should be communicated to the Chief Executive Officer by the Chairman of the Compensation and Human Resources Committee.

The evaluation is based on criteria established by the Board from time to time, including without limitation stockholder value, performance of the business, accomplishment of short- and long-term strategic objectives, and development of management. The evaluation will be used by the Compensation and Human Resources Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer.

IV. MANAGEMENT DEVELOPMENT AND SUCCESSION PLANNING

The Chief Executive Officer will report at least annually to the Board on the Company's program for management development and on succession planning, which the Board views as closely-related issues.

In addition, the Board and Chief Executive Officer periodically will discuss the Chief Executive Officer's recommendation as to a successor in the event of the sudden resignation, retirement, or incapacitation of the Chief Executive Officer.

V. DIRECTOR QUALIFICATION STANDARDS

A. Selection of Board Nominees.

The Board is responsible for recommending director nominees to the Company's shareholders for election. The Board has delegated the screening process to the Corporate Governance and Nominating Committee.

The Corporate Governance and Nominating Committee shall establish criteria for Board membership, which shall include the criteria set forth in these Guidelines.

The Corporate Governance and Nominating Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of directors in the context of the current composition of the Board. This assessment includes issues of judgment, diversity, age, skills, background and business experience, all in the context of the perceived needs of the Board at that point in time.

The Corporate Governance and Nominating Committee considers nominees recommended by directors, officers, employees, shareholders and others using the same criteria it applies to recommendations from the committee. Shareholders may submit recommendations by writing to the committee at the address set forth in Article XIV of these Guidelines.

Invitations to serve as a nominee are extended by the Board through the Chairman of the Board.

B. Board Independence.

The Board has a majority of directors who are not officers or employees of the Company or its subsidiaries and who, in each case, the Board has affirmatively determined has no relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. The Board shall make an affirmative determination at least annually as to the independence of each director.

The Board has adopted the independence requirements of the Marketplace Rules of The Nasdaq Stock Market. The Board shall not consider a director to be independent, subject to the interpretive materials of the Nasdaq Marketplace Rules, if he or she:

1. Is, or at any time during the past three years was, employed by the Company or by any parent or subsidiary of the Company;
2. Accepted or has a Family Member (as defined below) who accepted any payments from the Company or any parent or subsidiary of the Company in excess of \$60,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following: compensation for board or board committee service; payments arising solely from investments in the Company's securities; compensation paid to a Family Member who is a non-executive employee of the Company or a parent or subsidiary of the Company; benefits under a tax-qualified retirement plan, or non-discretionary compensation; loans from a financial institution provided that the loans (i) were made in the ordinary course of business, (ii) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public, (iii) did not involve more than a normal degree of risk or other unfavorable factors, and (iv) were not otherwise subject to the specific disclosure requirements of SEC Regulation S-K, Item 404; payments from a financial institution in connection with the deposit of funds or the financial institution acting in an agency capacity, provided such payments were (i) made in the ordinary course of business, (ii) made on substantially the same terms as those prevailing at the time for comparable transactions with the general public, and (iii) not otherwise subject to the disclosure requirements of SEC Regulation S-K, Item 404; or loans permitted under Section 13(k) of the Securities Exchange Act of 1934, as amended.
3. Is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company or by any parent or subsidiary of the Company as an executive officer;

4. Is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year or \$200,000, whichever is more, other than the following: payments arising solely from investments in the Company's securities; or payments under non-discretionary charitable contribution matching programs;
5. Is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company served on the compensation committee of such other entity; or
6. Is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

For purposes of these Guidelines, "Family Member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

C. Commitment and Limits on Other Activities.

Directors are asked to advise the Chairman of the Board and the Chairman of the Corporate Governance and Nominating Committee in advance of accepting an invitation to serve on another board or in a similar role that presents an actual or potential conflict.

D. Change in Primary Job Responsibility; Term and Age Limits.

Directors are asked to promptly advise the Chairman of the Board and the Chairman of the Corporate Governance and Nominating Committee in the event they retire or change their principal occupation or business association. The Board, through the Corporate Governance and Nominating Committee, will thereafter review the continued appropriateness of the director's membership on the Board under the new circumstances.

The Board does not believe that arbitrary limits on the number of consecutive terms a director may serve or on the directors' ages are appropriate in light of the substantial benefits resulting from a sustained focus on the Company's business, strategy and industry over a significant period of time. The Corporate Governance and Nominating Committee formally reviews each director's continuation on the Board at the expiration of the director's term.

E. Chairman of the Board and Chief Executive Officer

The Board believes that it is important to retain the flexibility to allocate the responsibilities of the offices of the Chairman of the Board and Chief Executive Officer in any way that is in the best interests of the Company at a given point in time.

F. Board Size

The Corporate Governance and Nominating Committee shall periodically review the size of the Board and recommend any proposed changes to the Board.

VI. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Board has delegated to the Corporate Governance and Nominating Committee the task of designing, with Company management, an appropriate orientation program for new directors that includes background material, meetings with senior management and visits to the Company's facilities. The committee also explores and makes available continuing education opportunities for directors, from time to time.

VII. DIRECTOR COMPENSATION AND STOCK OWNERSHIP

The Corporate Governance and Nominating Committee recommends to the Board for approval general principles for determining the form and amount of director compensation and, subject to such principles, periodically evaluates the status of Board compensation in relation to other comparable U.S. companies, reporting its findings and recommendations to the Board. To further align the interests of the directors and the Company's shareholders, the Board believes that a meaningful portion of a director's compensation should be provided in the form of equity-based compensation.

VIII. BOARD AGENDA, MATERIALS, INFORMATION AND PRESENTATIONS

The Chairman of the Board, with input from senior members of management and the Lead Director, establishes the agenda for each Board meeting. A calendar of meetings and a schedule of agenda subjects to be discussed for the ensuing year is issued at the beginning of each year (to the degree that these can be foreseen). Each director is encouraged to suggest the inclusion of item(s) on the agenda.

Information and data that is important to the Board's understanding of the business is distributed in writing to the Board generally five to seven days before the Board meets, although this is not a strict standard, so as to allow for unusual circumstances.

IX. DIRECTOR ACCESS TO SENIOR MANAGERS AND INDEPENDENT ADVISERS

Directors have complete access to senior members of management. Directors are expected to use good judgment to ensure that this contact is not distracting to the business operation of the Company.

The Board encourages management to bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) have future potential such that management believes the Board should have greater exposure to the individual.

The Board and each of its committees is authorized to hire independent legal, financial or other advisers as they may consider necessary.

X. BOARD INTERACTION WITH SHAREHOLDERS AND OTHERS/ANNUAL MEETINGS

Management, and, in particular, the Chief Executive Officer, speaks for the Company with shareholders, investors, employees, customers, suppliers, the press, and others. The Chairman of the Board and, in certain circumstances, the Lead Director, speaks for the Board. Individual directors may, from time to time at the request of management, meet or otherwise communicate with various constituencies. If comments from the Board are appropriate, however, they should, in most circumstances, come from the Chairman. Directors are expected to take special care in all communications concerning the Company, in light of confidentiality requirements and laws prohibiting insider trading, tipping and avoidance of selective disclosure.

All directors are encouraged to attend annual meetings of the shareholders. Director attendance at such meetings will be disclosed in the annual proxy statement or on the Company's website.

XI. BOARD COMMITTEES

The Board currently has three committees: Audit, Compensation and Human Resources, and Corporate Governance and Nominating. Membership on such committees is limited to independent directors meeting the independence requirements of the Nasdaq Marketplace Rules, the Sarbanes-Oxley Act of 2002 and any other related rules or regulations promulgated by the Securities and Exchange Commission and the Internal Revenue Service (as applicable). The Board retains discretion to form new committees or disband current committees depending upon the circumstances.

The Corporate Governance and Nominating Committee recommends, after consultation with the Chairman of the Board and the Chief Executive Officer, the appointment of directors to various committees (other than the Corporate Governance and Nominating Committee) and the appointment of committee chairmen, for Board approval.

Each of the Audit Committee, Compensation and Human Resources Committee and Corporate Governance and Nominating Committee shall operate pursuant to its own written charter. These charters shall, among other things, set forth the purpose, goals and responsibilities of the particular committee, the procedures for committee member appointment and removal and committee structure and operations.

XII. ANNUAL BOARD AND COMMITTEE PERFORMANCE EVALUATIONS

The Board conducts an annual self-evaluation of its performance and the performance of its committees. This process shall also include annual self-assessments by each Board committee,

relying on a review process similar to that used by the Board, with performance criteria for each committee established on the basis of its charter. The Corporate Governance and Nominating Committee recommends to the Board and its committees the methodology for such evaluations and oversees their execution.

XIII. CORPORATE GOVERNANCE GUIDELINES

The Corporate Governance and Nominating Committee reviews these Guidelines periodically and recommends amendments to the Board as necessary.

These Guidelines are posted on the Company's website for communication to the Company's shareholders.

XIV. COMMUNICATING WITH THE BOARD

Shareholders are invited to communicate to the Board or its committees by writing to the Corporate Secretary at 1200 Crittenden Lane, Mail Stop 33-2-554, Mountain View, CA 94043 or by sending an email to the Board at boardcommunication@sgi.com.

XV. MISCELLANEOUS

These Guidelines are not intended to modify, extinguish or in any other manner limit the indemnification, exculpation and similar rights available to the directors of the Company under applicable law and/or the Company's certificate of incorporation and/or its bylaws.