



Silicon Graphics International Corp. Corporate Governance Guidelines

The Board of Directors (the "**Board**") of **SILICON GRAPHICS INTERNATIONAL CORP.** (the "**Company**") has established the following guidelines ("**Governance Guidelines**") for the conduct and operation of the Board.

1. BOARD COMPOSITION AND SELECTION

1.1 Size of the Board

The number of directors shall be established by the Board in accordance with the Bylaws of the Company. The Board currently consists of seven directors. The Board periodically reviews the appropriate size of the Board, which may vary to accommodate the availability of suitable candidates and the needs of the Company. Directors are elected annually at each annual meeting of stockholders.

1.2 Independence of Directors

It is the policy of the Company that the Board be composed of not less than a majority of independent directors, subject to any exceptions permitted by The Nasdaq Stock Market, Inc. ("**Nasdaq**") listing standards. In determining independence, the Board will consider the definition of independence set forth in the Nasdaq listing standards, as well as other factors that will contribute to effective oversight and decision-making by the Board.

1.3 Management Directors

The Board anticipates that the Company's Chief Executive Officer ("**CEO**") will be nominated annually to serve on the Board. The Board may also appoint or nominate other members of the Company's management whose experience and role at the Company are expected to assist the Board in fulfilling its responsibilities. As of the date of this policy, the Company's CEO is the only member of the Company management who serves on the Board.

1.4 Selection of CEO and Chair of the Board; Lead Independent Director

The Board will select the Company's CEO and Chair of the Board ("**Chair**") in the manner that it determines to be in the best interests of the Company's stockholders. It is the policy of the Company that the positions of CEO and Chair be held by different individuals, except in unusual circumstances as determined by the Board. The Chair, or if the Chair is not an independent director, one of the independent directors, may be designated by the Board as lead independent director to serve until replaced by the Board ("**Lead Independent Director**"). The Lead Independent Director will have the following responsibilities:

- With the Chair, establish the agenda for regular Board meetings and serve as chair of Board meetings in the absence of the Chair;
- Establish the agenda for meetings of the independent directors;
- Coordinate with the committee chairs regarding meeting agendas and informational requirements;
- Preside over meetings of the independent directors;
- Preside over any portions of meetings of the Board at which the evaluation or compensation of the CEO is presented or discussed;
- Preside over any portions of meetings of the Board at which the performance of the Board is presented or discussed; and
- Coordinate the activities of the other independent directors and perform such other duties as may be established or delegated by the Chair.

1.5 Selection of Directors

The Nominating and Corporate Governance Committee is responsible for identifying, reviewing and evaluating candidates to serve as directors of the Company, in accordance with its charter and consistent with the criteria set by the Board in Section 1.6 below. The Nominating and Corporate Governance Committee will also be responsible for nominating members for election to the Board by the Company's stockholders at the annual meeting of stockholders. The Board, after receiving the

recommendations of the Nominating and Corporate Governance Committee, is responsible for filling vacancies on the Board that may occur between annual meetings of stockholders. The invitation to join the Board should be extended by the Chair, or Lead Independent Director if the Chair is not independent.

1.6 Board Membership Criteria

The Nominating and Corporate Governance Committee will determine the appropriate characteristics, skills and experience for the Board as a whole and for its individual members. In selecting candidates and existing directors for service on the Board, the minimum general criteria set forth below will be considered; specific additional criteria may be added with respect to specific searches. An acceptable candidate may not fully satisfy all of the criteria, but is expected to satisfy nearly all of them. The Board believes that candidates for director should have certain minimum qualifications, including:

- Possessing relevant expertise upon which to be able to offer advice and guidance to management;
- Having sufficient time to devote to the affairs of the Company;
- Demonstrated excellence in his or her field;
- Having the ability to exercise sound business judgment; and
- Having the commitment to rigorously represent the long-term interests of the Company's stockholders.

The Nominating and Corporate Governance Committee also intends to consider the following additional criteria for candidates for director of the Company:

- Being able to read and understand basic financial statements;
- Being over 21 years of age; and
- Having the highest personal integrity and ethics.

Candidates for director nominees are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of stockholders. In conducting this assessment, the Nominating and Corporate Governance Committee considers diversity, skills, and such other factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee reviews such directors' overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair such directors' independence. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee must be independent for Nasdaq purposes.

1.7 Changes in Board Member Criteria

The Board and the Company wish to maintain a Board composed of members who can productively contribute to the success of the Company. From time to time, the Nominating and Corporate Governance Committee may change the criteria for Board membership to maximize the opportunity to achieve this success. When this occurs, existing members will be evaluated according to the new criteria. A director who no longer meets the complete criteria for board membership may be asked to adjust his or her committee assignments or resign from the Board.

1.8 Term Limits

The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide continuity and valuable insight into the Company, its operations and prospects based on their experience with, and understanding of, the Company's history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new ideas and viewpoints through the director nomination process described in these Governance Guidelines.

1.9 Limits on Board Memberships

Directors may not serve on the Boards of more than four other public companies. The Company's CEO may not serve on the Boards of more than two public companies. In addition, no member of the Audit Committee may serve on more than two other public company audit committees without first obtaining the prior approval of the Chair. Service on boards and board committees of other companies should be consistent with the Company's conflict-of-interest policies.

1.10 Retirement Age

The Board does not believe that a fixed retirement age for directors is appropriate.

1.11 Director Election Policy

1.11.1 Elections at Annual Meetings of Stockholders

Pursuant to the Company's Bylaws, "The Board of Directors (or any committee thereof) shall nominate for re-election as director only those candidates who have tendered an irrevocable resignation as a director, which resignation shall be conditioned upon both (A) such director failing to have received more "for" votes than "withheld" votes in an election and (B) acceptance by the Board of Directors of such resignation."

If, in an election, an incumbent director fails to receive the required vote for re-election as set forth in the Company's Bylaws, then the Corporate Governance and Nominating Committee will act to determine whether to accept the director's conditional resignation and will submit such recommendation for prompt consideration by the Board, and the Board will act on the Corporate Governance and Nominating Committee's recommendation within 90 days following certification of the shareholder vote. The Corporate Governance and Nominating Committee and the Board shall accept such conditional resignation absent compelling circumstances to the contrary.

A director shall not participate in the Corporate Governance and Nominating Committee recommendation or Board action regarding whether to accept the conditional resignation of such director. If directors constituting a majority of the members of the Corporate Governance and Nominating Committee fail to receive the required vote in favor of his or her election in the same election, then the independent directors, excluding the directors who failed to receive the required vote, shall appoint a committee amongst themselves to consider the conditional resignations and recommend to the Board whether to accept them. If the directors, excluding the directors who failed to receive the required vote, shall be of an insufficient number to comprise a quorum of the Board, then all directors may participate in the action regarding whether to accept the conditional resignations.

If the Board shall determine not to accept the resignation of a director, the Board will promptly disclose its decision-making process and decision to reject the conditional resignation in a Form 8-K furnished to the Securities and Exchange Commission.

1.11.2 Directors Who Change Their Job Responsibility

The Board believes that any director who retires from his or her present employment, or who materially changes his or her position, should offer to tender his or her resignation to the Board. The Board and the Nominating and Corporate Governance Committee will then evaluate whether the Board should accept the offer to tender the resignation based on a review of whether the individual continues to satisfy the Board's membership criteria in light of his or her new occupational status. If the Board determines to accept the offer to tender the resignation, the director should immediately tender his or her resignation to the Board.

2. ROLE OF THE BOARD OF DIRECTORS

The Board is selected by the stockholders to provide oversight of, and strategic guidance to, senior management. The core responsibility of a Board member is to fulfill his or her fiduciary duties of care and loyalty and otherwise to exercise his or her business judgment in the best interests of the Company and its stockholders. Service on the Board requires significant time and attention on the part of directors. More specifically, the Board has responsibilities to review, approve and monitor fundamental financial and business strategies and major corporate actions, assess major risks facing the Company and consider ways to address those risks, select and oversee management and determine its composition and oversee the establishment and maintenance of processes and conditions to maintain the integrity of the Company. Directors must participate in Board meetings, review relevant materials, serve on committees and prepare for meetings and discussions with management. Directors are expected to maintain an attitude of constructive involvement and oversight; they are expected to ask relevant, incisive and probing questions and require honest and accurate answers. Directors must act with integrity and are expected to demonstrate a commitment to the Company, its values and its business and to long-term stockholder value. Directors are encouraged to attend the Company's annual meeting of stockholders, either in person or telephonically.

3. DIRECTOR ORIENTATION AND EDUCATION

The Nominating and Corporate Governance Committee will implement, as appropriate, an orientation process for directors that includes background material on the Company's policies and procedures, meetings with senior management and visits to Company facilities. Incumbent directors shall also be invited to attend the orientation program. Each director is expected to participate in continuing education programs endorsed by Institutional Shareholder Services or the National Association of Corporate Directors as necessary in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

4. DIRECTOR COMPENSATION; DIRECTOR STOCK OWNERSHIP GUIDELINES

The form and amount of director compensation for Board and committee service for non-management directors shall be

determined by the Compensation Committee in accordance with the principles set forth in its charter and applicable legal and regulatory guidelines. The amount of compensation for non-management directors and committee members should be consistent with market practices of similarly situated companies and should encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock or options to purchase the Company's stock. In determining compensation, the Compensation Committee will consider the impact on the director's independence and objectivity.

The Board believes that, in order to align the interests of directors and stockholders, directors should have a financial stake in the Company. Each director who has served on the Board for at least one year is expected to own shares of the Company's stock with a market value of at least the amount of his or her annual base cash retainer. The Board will evaluate whether exceptions should be made for any director on whom this requirement would impose a financial hardship.

5. BOARD MEETINGS

5.1 Number of Meetings.

The Board expects to have at least 4 regular meetings each year, generally in January, April, July and October.

5.2 Attendance.

Board members are expected to attend all meetings of the Board and committees on which they serve. Directors must notify the Chair of circumstances preventing attendance at a meeting.

5.3 Preparation and Commitment.

The Company will provide directors with appropriate preparatory materials in advance of a meeting, but in any event not later than three days prior to the meeting, except in unusual circumstances. Directors are expected to rigorously prepare for, attend, and participate in all Board and committee meetings. Each director is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as director.

5.4 Agenda.

The Chair, or Lead Independent Director if the Chair is not independent, will establish a schedule of subjects to be discussed during the year (to the extent this can be foreseen) and an agenda for each Board meeting. Each Board member is encouraged to suggest the inclusion of items on the agenda at any time. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

5.5 Executive Session.

The independent directors of the Board will meet periodically in executive session but no less than two times per year or such greater number as required by the NASDAQ listing standards. Executive session discussions may include such topics as the independent directors determine. The directors generally shall not take formal action at these sessions, but may make recommendations for consideration by the full Board. Executive sessions will be chaired by the Chair, or Lead Independent Director if the Chair is not independent.

5.6 Committee Reports

At each regular Board meeting, each committee that held a meeting subsequent to the last Board meeting and prior to the current Board meeting will present a brief summary of its committee meeting to the Board, including the principal subjects discussed and the conclusions and actions of the committee. In general, the Chair of the appropriate committee will present such report.

6. BOARD COMMITTEES

6.1 Number of Committees; Independence of Members

The committee structure of the Board will consist of at least (a) an Audit Committee, (b) a Compensation Committee, and (c) a Nominating and Corporate Governance Committee. The Board may form, merge or dissolve committees as it deems appropriate from time to time. The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall be composed entirely of independent directors.

6.2 Committee Functions

Audit Committee. The Audit Committee oversees the Company's corporate financial reporting process. For this purpose, the

Audit Committee performs several functions. The Audit Committee evaluates the performance of and assesses the qualifications of the independent auditors; determines and approves the scope of the engagement and compensation of the independent auditors; determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors; reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the Company's audit engagement team as required by law; confers with management and the independent auditors regarding the effectiveness of internal controls over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; reviews the financial statements to be included in the Company's Annual Report on Form 10-K; and discusses with management and the independent auditors the results of the annual audit and the results of the Company's quarterly financial statements.

Compensation Committee. The Compensation Committee reviews and approves the overall compensation strategy and policies for the Company. The Compensation Committee reviews and approves corporate performance goals and objectives relevant to the compensation of the Company's executive officers and other senior management; reviews and approves the compensation and other terms of employment of the Company's CEO; reviews and approves the compensation and other terms of employment of the other officers; administers the Company's stock option and purchase plans, pension and profit sharing plans, stock bonus plans, deferred compensation plans and other similar programs; and determines outside director compensation.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee identifies, reviews and evaluates candidates to serve as directors of the Company; reviews and evaluates incumbent directors; selects candidates for election to the board of directors; makes recommendations to the Board regarding the membership of the committees of the Board; assesses the performance of the Board, including Board committees, and develops a set of corporate governance principles for the Company.

6.3 Committee Charters

All standing committees will operate pursuant to a written charter, which sets forth the responsibilities of the committee and procedures that the committee will follow. Unless otherwise directed by the Board, new committees formed by the Board will develop a written charter delineating its responsibilities. The charters of all committees will be subject to periodic review and assessment by each committee and each committee shall recommend any proposed charter changes to the Board.

6.4 Board Committee Membership

The Nominating and Corporate Governance Committee, after due consideration of the interests, independence and experience of the individual directors and the independence and experience requirements of Nasdaq, the rules and regulations of the Securities and Exchange Commission and applicable law, recommends to the Board annually the chairmanship and membership of each committee.

6.5 Committee Meetings and Agenda

The committee Chair, in consultation with committee members, will determine the frequency and length of the meetings of the committee, consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

7. BOARD ACCESS TO MANAGEMENT

Board members have complete and open access to the Company's management. It is assumed that Board members will use judgment to ensure that this contact is not distracting to the operations of the Company or to the managers' duties and responsibilities and that such contact, to the extent reasonably practical or appropriate, will be coordinated with the CEO. Written communications to management should, whenever appropriate, be copied to the CEO.

8. CEO EVALUATION; SUCCESSION PLANNING

The Board should conduct an annual review of the CEO's performance. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives and the development of management. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the CEO.

The Nominating and Corporate Governance Committee should periodically review with the CEO the Company's plan for succession to the offices of the Company's executive officers and make recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions. The CEO should at all times make available his or her

recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

9. EXECUTIVE OFFICER STOCK OWNERSHIP GUIDELINES

The Board believes that, in order to align the interests of executive officers and stockholders, executive officers should have a financial stake in the Company. Each executive officer who has been employed with the Company for at least one year should own a minimum of 5,000 shares of common stock of the Company. The Board will evaluate whether exceptions should be made for any executive officer on whom this requirement would impose a financial hardship.

10. BOARD ASSESSMENT

The Nominating and Corporate Governance Committee will conduct an annual self-evaluation to determine whether the Board and its committees are functioning effectively. The Nominating and Corporate Governance Committee will receive feedback from all directors and report as appropriate to the Board with an assessment. The assessment should include an evaluation of (a) the Board's and each committee's contribution as a whole and effectiveness in serving the best interests of the Company and its stockholders, (b) specific areas in which the Board and/or management believe that the performance of the Board and its committees could be improved, and (c) overall Board composition and makeup. The results of these evaluations should be provided to the Board for further discussion as appropriate.

The Board should conduct an annual evaluation of individual directors to determine whether they are acting effectively. The assessment should include an evaluation of (a) the director's contribution and effectiveness in serving the best interests of the Company and its stockholders and (b) specific areas in which the Board and/or management believe that the performance of the director could be improved.

11. REVIEW OF GOVERNANCE GUIDELINES

The Nominating and Corporate Governance Committee will review and assess the adequacy of these Governance Guidelines periodically and recommend any proposed changes to the Board for approval.