

SILICON GRAPHICS INTERNATIONAL CORP

FORM 8-K (Current report filing)

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Address	46600 LANDING PARKWAY FREMONT, CA 94538
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 27, 2012

Silicon Graphics International Corp.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-51333

(Commission File Number)

32-0047154

(I.R.S. Employer Identification No.)

**46600 Landing Parkway
Fremont, CA 94538**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(510) 933-8300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- £ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - £ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - £ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - £ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Departure of Directors or Certain Officers

On April 27, 2012, James Wheat resigned as Senior Vice President, Chief Financial Officer and Chief Accounting Officer of Silicon Graphics International Corp. (the “*Company*”) effective as of May 14, 2012. Mr. Wheat will remain with the Company until June 1, 2012 to assist with the transition. Mr. Wheat's resignation was for personal reasons and not related to any of the Company's operations, policies or practices.

Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On April 30, 2012, the Company appointed Robert J. Nikl, age 57, as Executive Vice President and Chief Financial Officer of the Company effective May 15, 2012. Mr. Nikl will also serve as the Company's Chief Accounting Officer.

Mr. Nikl served as Executive Vice President and Chief Financial Officer of Verigy Ltd. from June 2006 to October 2011. Verigy was acquired by Advantest Corporation in July 2011. Prior to Verigy, Mr. Nikl was Sr. Vice President and Chief Financial Officer of Asyst Technologies, Inc. from September 2004 to June 2006. Mr. Nikl previously held financial management positions at Solectron Corporation and Xerox Corporation and began his career in public accounting at KPMG Peat Marwick. Mr. Nikl is a certified public accountant with active licenses in California and New York and holds an MBA from the University of Connecticut as well as a Bachelor of Business Administration from Pace University in New York.

On April 30, 2012, the Company entered into an employment agreement (the “*Agreement*”) with Mr. Nikl. The Agreement provides that Mr. Nikl will receive an annual base salary of \$350,000, subject to periodic review for increases. Mr. Nikl will be eligible to receive a quarterly target bonus of \$56,875 based upon the Company's performance with respect to applicable performance targets as determined by the Compensation Committee (the “*Compensation Committee*”) of the Company's Board of Directors (the “*Board*”).

Mr. Nikl will receive (i) stock options to purchase 125,000 shares of the Company's common stock, with a per share exercise price equal to the closing price of the Common Stock on the grant date (expected to be on June 1, 2012), which will vest over four years subject to Mr. Nikl's continuous service to the Company, with 25% of the shares vesting upon completion of one year of continuous service and an additional 2.0833% vesting monthly thereafter subject to his continuous service, (ii) a restricted stock unit award of 60,000 shares, which will vest over four years, with 25% vesting upon completion of one year of continuous service and an additional 6.25% vesting quarterly thereafter subject to his continuous service, and (iii) a restricted stock unit award of 6,000 shares, which would vest fully upon completion of one year of continuous service.

Mr. Nikl will be eligible to participate in the standard employee benefit plans generally available to executive employees of the Company, including health insurance, life and disability insurance, Employee Stock Purchase Plan, 401(k) plan, and paid time off and paid holidays. The Company will also reimburse Mr. Nikl for his documented business expenses incurred in connection with his employment pursuant to the Company's standard reimbursement expense policy and practices.

Under the Agreement, either party may terminate Mr. Nikl's employment at any time. In the event that, within twelve months following a Change in Control of the Company, Mr. Nikl's employment is terminated by the Company without Cause, or by Mr. Nikl for Good Reason, he will be entitled to receive (i) full vesting of all equity awards upon the closing of the Change in Control, (ii) a severance payment equal to the sum of (a) twelve months base salary in effect at the time of the employment termination date, (b) the full amount of annual performance bonus at target, and (c) prorated performance bonus for time worked in the year in which the termination occurred, and (iii) COBRA health benefits for 12 months post-termination. Upon termination of Mr. Nikl's employment without Cause or for Good Reason, at any time other than within twelve months following a Change in Control, Mr. Nikl would be entitled to receive (i) acceleration of vesting of all equity awards in an amount equal to the number of shares that would vest over an additional 24 month period as if he had continued to be employed for such period; (ii) a severance payment equal to the sum of (a) twelve months base salary in effect at the time of the employment termination date, (b) the full amount of annual performance bonus at target, and (c) prorated performance bonus for time worked in the year in which the termination occurred, and (iii) COBRA health benefits for 12 months post-termination. Receipt of the above listed benefits upon termination of employment will require Mr. Nikl to sign a general release in favor of the Company.

The foregoing description of the Agreement is qualified in its entirety by reference to the full text of the Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated by reference herein. Capitalized terms used herein without definition have the meanings given such terms in the Agreement.

Mr. Nikl is not a party to any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit	
Number	Exhibit Title
10.1	Employment Agreement Letter dated April 30, 2012 between the Company and Robert J. Nikl.
99.1	Press Release dated April 30, 2012 titled “ SGI Announces New CFO Robert J. Nikl .”

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 30, 2012

Silicon Graphics International Corp.

By: /s/ Jennifer W. Pileggi

Jennifer W. Pileggi

Senior Vice President, General Counsel and Corporate Secretary

April 30, 2012

Robert Nikl
[Address redacted]

Re: Employment Terms

Dear Robert:

Silicon Graphics International Corp. (the “Company”), is pleased to offer you the position of Executive Vice President and Chief Financial Officer (“EVP & CFO”), on the following terms. Your employment shall commence on [start date] (“Start Date”).

1. **POSITION.** You will serve in an executive capacity and shall perform the duties of EVP & CFO as commonly associated with this position, and as required by the Company’s Chief Executive Officer (the “CEO”). Initially, your responsibilities will include finance, accounting and investor relations functions for the company. Partnering with the CEO and senior management, you will be a critical player in driving the evolution of the company’s business model and generating returns to stakeholders. Moreover, you will interact frequently with the company’s board of directors and numerous external constituencies to help communicate the company’s plan and progress against key strategic, financial and shareholder return objectives. You will report to the CEO. Of course, the Company may change your position, duties, and work location from time to time in its discretion subject to the terms of this offer letter agreement.
2. **COMPENSATION.**
 - a. **Base Salary.** Your initial annual base salary will be \$350,000, less standard payroll deductions and withholdings. You will be paid bi-weekly in accordance with Company practice and policy.
 - b. **Performance Bonus.** In addition, you are eligible to earn a quarterly performance bonus target of \$56,875, based upon both your performance and the Company’s performance with respect to applicable performance targets, which are expected to include revenue and profitability targets. The bonus payment shall be earned upon the fulfillments of Targets and shall be paid within a reasonable period of time, but not later than 45 days, after the end of the quarter. The Company will determine in its sole discretion whether the Targets have been achieved, whether you have earned a bonus, and the amount of any earned bonus. You must be employed on the bonus payment date to earn and be eligible to receive any bonus.
 - c. **Review of Compensation.** Your base salary and bonus eligibility will be reviewed on an annual or more frequent basis by the Compensation Committee and are subject to change in the discretion of the Compensation Committee, subject to the terms of this offer letter agreement.
3. **OPTION GRANT.**
 - a. **Equity Grants.** Subject to Compensation Committee approval, the Company will issue you an option (the “Option”) to purchase 125,000 shares of the Company’s common stock pursuant to the Company’s 2006 New Recruit Equity Incentive Plan (the “Plan”) at an exercise price equal to the fair market value of the stock as of the date of grant as determined by the Compensation Committee. In addition, subject to Compensation Committee approval, the Company will grant you the right to receive 60,000 shares of the Company’s common stock pursuant to the Plan (the “Restricted Stock Unit Award”).
 - b. **Vesting Schedule.** The Option Award will be subject to a four-year vesting period subject to your continuous service to the Company as an employee or consultant (as defined in the Plan and the Stock Unit Award Agreement), with 25% upon completion of the first year of employment, with an additional 2.0833% of such shares vesting for each full month of your continuous service as an employee or consultant following the Start

Date. The Restricted Stock Unit Award will be subject to a four-year vesting period subject to your continuous service to the Company as an employee or consultant (as defined in the Plan and the Stock Unit Award Agreement), with 25% upon completion of the first year of employment, with an additional 6.25% of such shares subject to each Restricted Stock Unit Award vesting for each full Company Quarter of your continuous service as an employee or consultant following the Start Date

- c. **Signing Bonus Grant.** In addition to the new hire equity grants described above, subject to Compensation Committee approval, the Company will grant you the right to receive 6,000 shares of the Company's common stock pursuant to the Plan (the "Bonus Restricted Stock Unit Award"). The Bonus Restricted Stock Unit Award will be subject to a one-year vesting period that requires your continuous service to the Company as an employee or consultant (as defined in the Plan and the Stock Unit Award Agreement), with 100% vesting upon completion of the first year of continuous service as an employee or consultant.
 - d. **Governing Documents.** The Option will be governed in full by the terms and conditions of the Plan and your individual Option agreement; the Restricted Stock Unit Award will be governed in full by the terms and conditions of the Stock Unit Award Agreement.
4. **EMPLOYEE BENEFITS.** You will be eligible to participate in the Company's standard employee benefit plans in accordance with the terms and conditions of the plans and applicable policies which may be in effect from time to time, and provided by the Company to its executive employees generally, including but not limited to group health insurance coverage, disability insurance, life insurance, ESPP, 401(k) Plan, and paid time off and paid holidays. You will be eligible for reimbursement of your legitimate and documented business expenses incurred in connection with your employment, pursuant to the Company's standard reimbursement expense policy and practices. The Company may modify its benefits programs and policies from time to time in its discretion.
5. **PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT.** As a condition of your employment, you are required to sign and abide by the Company's Proprietary Information and Inventions Agreement (the "Non-Disclosure Agreement"), attached hereto as Exhibit A.
6. **SERVICE AS EMPLOYEE; OUTSIDE ACTIVITIES.**
- a. **Location and Duties.** You will work at the Company's corporate facility currently located in Fremont, California, subject to necessary business travel. During your employment with the Company, you will devote your best efforts and substantially all of your business time and attention (except for vacation periods and reasonable periods of illness or other incapacity permitted by the Company's general employment policies) to the business of the Company.
 - b. **Company Policies.** Your employment relationship with the Company shall also be governed by the general employment policies and practices of the Company, including but not limited to the policies contained in the Company's Employee Handbook (except that if the terms of this letter differ from or are in conflict with the Company's general employment policies or practices, this letter will control), and you will be required to abide by such general employment policies and practices of the Company.
 - c. **Other Activities.** Throughout your employment with the Company, you may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of your duties hereunder or present a conflict of interest with the Company. Subject to the restrictions set forth herein and with the prior written consent of the Board, you may serve as a director of other corporations and may devote a reasonable amount of your time to other types of business or public activities not expressly mentioned in this paragraph.
 - d. **Conflict of Interest.** During your employment by the Company, except on behalf of the Company, you will not directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint venturer, associate, representative or consultant for or on behalf of any other person, corporation, firm, partnership or other entity whatsoever known by you to compete with the Company (or is planning or preparing to compete with the Company), anywhere in the world, in any line of business engaged in (or planned to be engaged in) by the Company; provided, however, that you may purchase or otherwise acquire up to (but not more than)

one percent (1%) of any class of securities of any enterprise (but without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange.

7. **AT-WILL EMPLOYMENT RELATIONSHIP.** Your employment relationship with the Company is at-will. Accordingly, both you and the Company may terminate the employment relationship at any time, with or without Cause (as defined below), and with or without advance notice.

8. **DEFINITIONS.**

- a. Definition of “Cause.” For purposes of this offer letter agreement, “Cause” is defined as one or more of the following events: (i) the indictment or conviction for a felony or other crime, or any misdemeanor involving moral turpitude; (ii) the commission of any other act or omission involving fraud or intentional deceit with respect to the Company or any of its affiliates or any of their directors, stockholders, partners or members; (iii) any act or omission involving dishonesty that causes material injury to the Company or any of its affiliates or any of their directors, stockholders, partners or members; (iv) gross negligence with respect to the Company or any of its subsidiaries; (v) willful misconduct with respect to the Company or any of its subsidiaries; (vi) any other material breach of this agreement or any other agreement referred to herein (including the Non-Disclosure Agreement); provided, however, that, it shall only be deemed Cause pursuant to clause (vi) if you are given written notice describing the basis of Cause and, if the event is reasonably susceptible of cure, you fail to cure within thirty (30) days.
- b. Definition of “Good Reason.” For purposes of this offer letter agreement, “Good Reason” is defined as one or more of the following conditions that occur without your written consent: (i) the assignment to you, or the removal from you, of any duties or responsibilities that results in the material diminution of your authority, duties or responsibilities as EVP & CFO, including a Change in Control that results in your no longer serving as the EVP & CFO or any similar position; (ii) a reduction by the Company of your base salary other than reductions in base salary that apply broadly to all employees of the Company; (iii) the Company’s material breach of its obligations to you under this offer letter agreement; (iv) your office relocation to a location more than fifty miles from your then present location; or (v) a failure or refusal of a successor to the Company to assume Company’s obligations under this Agreement; provided however that, it shall only be deemed Good Reason pursuant to the foregoing definition if (x) the Company is given written notice from you within ninety (90) days following the first occurrence of a condition that you consider to constitute Good Reason describing the condition and fails to remedy such condition within thirty (30) days following such written notice, and (y) you resign from employment within ninety (90) days following the end of the period within which the Company was entitled to remedy the condition constituting Good Reason but failed to do so.
- c. Definition of “Change in Control.” For purposes of this offer letter agreement, “Change in Control” means the occurrence, in a single transaction or in a series of related transactions, of either of the following events:
 - i. There is consummated (A) a merger, consolidation or similar transaction involving (directly or indirectly) the Company or (B) a tender offer or exchange offer addressed to the stockholders of the Company and, in either event, immediately after the consummation of such merger, consolidation or similar transaction or such tender or exchange offer, the stockholders of the Company immediately prior thereto do not own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their ownership of the outstanding voting securities of the Company immediately prior to such transaction; or
 - ii. There is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other

disposition.

The term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company.

- 9. CHANGE IN CONTROL SEVERANCE BENEFITS.** If, within 12 months following a Change in Control, your employment is terminated by the Company without Cause, or by you for Good Reason; and you sign, date, return to the Company and allow to become effective a release of all claims in a form satisfactory to the Company in its sole discretion (the “Release”), in a form attached hereto as Exhibit B, then in lieu of any Severance Benefits set forth in Section 10 herein, you shall be entitled to receive the following severance benefits (the “Change in Control Severance Benefits”); provided that you must execute and return the release on or before the date specified by the Company in the prescribed form (the “Release Deadline”). The Release Deadline will in no event be later than 50 days after your Separation. If you fail to return the release on or before the Release Deadline, or if you revoke the release, then you will not be entitled to the benefits described in this Section 10 or Section 11. The severance payments will commence within 60 days after your Separation and, once they commence, will include any unpaid amounts accrued from the date of your Separation. However, if the 60-day period described in the preceding sentence spans two calendar years, then the payments will in any event begin in the second calendar year.
- a.** Accelerated Vesting. All unvested stock options and restricted stock units referred to herein and any subsequent grants of stock options, restricted stock units or any other equity awards granted under current or future plans shall become fully vested upon the closing of a Change in Control of the Company;
 - b.** Severance Pay. Upon the closing of a Change in Control of the Company, you will be eligible to receive severance pay in the total amount equal to the sum of (i) twelve (12) months of your base salary in effect as of the employment termination date (ii) the full amount of your annual performance bonus at target, and (iii) the prorated amount of your annual performance bonus at target for the year in which the termination occurred. The severance pay will be paid in one lump sum payment, subject to required payroll deductions and withholdings; and
 - c.** COBRA Benefits. If you timely elect and continue to remain eligible for continued group health insurance coverage under federal COBRA law or, if applicable, state insurance laws (collectively, “COBRA”), the Company will pay your COBRA premiums sufficient to continue your group health insurance coverage at the same level in effect as of your employment termination date (including dependent coverage, if applicable) for twelve (12) months after the employment termination date; provided that, the Company’s obligation to pay your COBRA premiums will cease earlier if you become eligible for group health insurance coverage through a new employer and you must provide prompt written notice to the Company if you become eligible for group health insurance coverage through a new employer within twelve (12) months after your employment termination date. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Services Act), the Company shall instead provide you a taxable monthly payment in an amount equal to the monthly COBRA premium that you would otherwise be required to pay to continue your group health coverage in effect from the date of your termination of employment, which payments shall be made regardless of whether you elect COBRA continuation coverage and shall end on the earlier of (x) the date on which you obtain other employment and (y) twelve (12) months after your employment termination date.
- 10. SEVERANCE BENEFITS.** If, at any time other than during the 12 month period following a Change in Control, your employment is terminated by the Company without Cause, or by you for Good Reason; and you sign, date, return to the Company and allow to become effective a release of all claims in a form satisfactory to the Company in its sole discretion (the “Release”); then you shall be entitled to receive the following severance benefits (the “Severance Benefits”); provided that you must execute and return the release on or before the Release Deadline. The severance payments will commence within 60 days after your Separation and, once they commence, will include any unpaid amounts accrued from the date of your Separation. However, if the 60-day period described in the preceding sentence spans two calendar years, then the payments will in any event begin in the second calendar year.
- a.** Accelerated Vesting. All unvested stock options and restricted stock units referred to herein and any subsequent

grants of stock options, restricted stock units or any other equity awards granted under current or future plans shall accelerate in such amount equal to the number of shares that would vest over an additional twenty-four (24) month period as if you had continued to be an employee of the Company for an additional twenty-four (24) months following your termination;

- b. **Severance Pay.** You will be eligible to receive severance pay in the total amount equal to the sum of (i) twelve (12) months of your base salary in effect as of the employment termination date, (ii) the full amount of your annual performance bonus at target, and (iii) the prorated amount of your annual performance bonus at target for the year in which the termination occurred. The severance pay will be subject to required payroll deductions and withholdings, and will be paid in twenty-six (26) equal installments over a period of twelve (12) months, with such payments made on the Company's normal payroll schedule; and
- c. **COBRA Benefits.** If you timely elect and continue to remain eligible for COBRA, the Company will pay your COBRA premiums sufficient to continue your group health insurance coverage at the same level in effect as of your employment termination date (including dependent coverage, if applicable) for twelve (12) months after the employment termination date; provided that, the Company's obligation to pay your COBRA premiums will cease earlier if you become eligible for group health insurance coverage through a new employer and you must provide prompt written notice to the Board if you become eligible for group health insurance coverage through a new employer within twelve (12) months after your employment termination date. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Services Act), the Company shall instead provide you a taxable monthly payment in an amount equal to the monthly COBRA premium that you would otherwise be required to pay to continue your group health coverage in effect from the date of your termination of employment, which payments shall be made regardless of whether you elect COBRA continuation coverage and shall end on the earlier of (x) the date on which you obtain other employment and (y) twelve (12) months after your employment termination date.

11. CONDITIONS TO ELIGIBILITY TO SEVERANCE BENEFITS OR CHANGE IN CONTROL SEVERANCE BENEFITS. Notwithstanding the foregoing, you will not be eligible for the Severance Benefits or the Change in Control Severance Benefits if: (A) your employment is terminated for Cause, or if you resign for any reason that does not qualify as Good Reason; or (B) in the event that you materially breach the Non-Disclosure Agreement, the Release of claims, or any other obligations you owe to the Company after termination of your employment (including but not limited to the provisions of the Non-Disclosure Agreement), and the Company's obligation to provide the Severance Benefits or the Change in Control Benefits (or to continue to provide such benefits) will cease immediately and in full as of the date of your breach.

12. DEFERRED COMPENSATION. Notwithstanding anything to the contrary herein, the following provisions apply to the extent severance benefits provided herein are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and other guidance thereunder and any state law of similar effect (collectively, "Section 409A"). Severance benefits shall not commence until you have a "separation from service" for purposes of Section 409A. Each installment of severance benefits is a separate "payment" for purposes of Treas. Reg. Section 1.409A-2(b)(2)(i), and the severance benefits are intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). However, if such exemptions are not available and you are, upon separation from service, a "specified employee" for purposes of Section 409A, then, solely to the extent necessary to avoid adverse personal tax consequences under Section 409A, the timing of the severance benefits payments shall be delayed until the earlier of (i) six (6) months and one day after your separation from service and (ii) your death. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Employee or Employee's beneficiary in one lump sum (without interest). Any termination of Employee's employment is intended to constitute a "separation from service" and will be determined consistent with the rules relating to a "separation from service" as such term is defined in Treasury Regulation Section 1.409A-1. It is intended that each installment of the payments provided hereunder constitute separate "payments" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision will be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement is determined to be subject to Section 409A of the Code, the amount of any such expenses

eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses), in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

13. EXCISE TAX.

- a. **Reduced Amount.** Anything in this agreement to the contrary notwithstanding, if any payment or benefit that you would receive pursuant to this offer letter agreement or otherwise (“Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then such Payment shall be equal to the Reduced Amount (defined below). The “Reduced Amount” shall be either (y) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax, or (z) the entire Payment, whichever amount after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in your receipt, on an after-tax basis, of the greater economic benefit.
- b. **Order of Reduction.** Any reduction in the Payment that is required shall occur in such manner as will provide you with the greatest economic benefit. If more than one manner of reduction necessary to arrive at the Reduced Amount yields the greatest economic benefit, then payments and benefits shall be reduced pro rata. Any reduction shall be made in the following manner: first a pro rata reduction of (i) cash payments subject to Section 409A of the Code as deferred compensation and (ii) cash payments not subject to Section 409A of the Code, and second a pro rata cancellation of (i) equity-based compensation subject to Section 409A of the Code as deferred compensation and (ii) equity-based compensation not subject to Section 409A of the Code. Reduction in either cash payments or equity compensation benefits shall be made prorata between and among benefits which are subject to Section 409A of the Code and benefits which are exempt from Section 409A of the Code.
- c. **Accounting Firm.** The accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Payment Event shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Payment Event, a nationally recognized accounting firm appointed by the Board and reasonably approved by you shall make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.
- d. **Calculations.** The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and you within fifteen (15) calendar days after the date on which your right to a Payment is triggered (if requested at that time by the Company or you) or such other time or times as requested by the Company or you. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish the Company and you with an opinion reasonably acceptable to you that no Excise Tax will be imposed with respect to such Payment. The Company shall be entitled to rely upon the accounting firm’s determinations, which shall be final and binding.

14. DISPUTE RESOLUTION.

- a. **Arbitration Agreement.** To ensure the rapid and economical resolution of disputes that may arise in connection with your employment, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the enforcement, breach, performance, execution, or interpretation of this agreement, your employment, or the termination of your employment, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Francisco, California conducted before a single neutral arbitrator by Judicial Arbitration and Mediation Services, Inc. (“JAMS”) or its successor, under the then applicable JAMS rules for the resolution of employment disputes. By agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or by administrative proceeding.

- b.** Arbitrator Authority. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator’s essential findings and conclusions and a statement of the award. All claims, disputes, or causes of action under this Agreement, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor brought in any private attorney general capacity or proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding.
- c.** Fees and Injunctive Relief. The Company shall pay all of JAMS’ arbitration fees. The parties agree that the arbitrator shall award reasonable attorneys’ fees and costs to the prevailing party in any action brought hereunder to the extent that such an award would be consistent with applicable law. The arbitrator shall have discretion to determine the prevailing party in an arbitration where multiple claims may be at issue. Nothing in this letter agreement shall prevent either you or the Company from obtaining injunctive relief in court if necessary to prevent irreparable harm pending the conclusion of any arbitration.
- d.** Federal Arbitration Act. This agreement is made under the provisions of the Federal Arbitration Act (9 U.S.C., Sections 1-14) (“FAA”) and will be construed and governed accordingly. It is the parties' intention that both the procedural and the substantive provisions of the FAA shall apply.

15. MISCELLANEOUS.

- a.** General Provisions. This letter, including the attached Non-Disclosure Agreement, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to the subject matter hereof. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other agreements, promises, warranties or representations concerning its subject matter. Changes in your employment terms, other than those expressly reserved herein to the Company’s discretion, only can be made in a writing signed by a duly-authorized member of the Company and you. This letter agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This letter agreement shall be construed and enforced in accordance with the laws of the State of California without regard to conflicts of law principles. Any ambiguity in this letter agreement shall not be construed against either party as the drafter. Any waiver of a breach of this letter agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This letter agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile signatures shall be equivalent to original signatures.
- b.** Legal Right to Work. As required by law, this offer is subject to satisfactory proof of your right to work in the United States.

16. APPLICABLE LAW. This agreement will be governed by the laws of the state of California.

17. ACCEPTANCE. Please sign this letter and the attached Non-Disclosure Agreement and return them to me as soon as possible to accept employment with the Company on the terms set forth herein. We are very excited about having you join us as an employee and look forward to working with you.

Sincerely,

Silicon Graphics International, Corp.

By: /s/ Jennifer L. Pratt
Jennifer L. Pratt

Senior Vice President, Human Resources

April 30, 2012

Date

Understood and Agreed:

/s/ Robert Nikl

Robert Nikl

April 30, 2012

Date

Exhibit A – Invention and Non-Disclosure Agreement

Exhibit B – General Release Agreement

EXHIBIT A

INVENTION AND NON-DISCLOSURE AGREEMENT

SILICON GRAPHICS INTERNATIONAL, CORP.

EMPLOYEE PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

In consideration of my employment by Silicon Graphics International, Corp., a Delaware corporation (the "Company"), I hereby agree to the following with respect to my use and development of information and technology of the Company, as more fully set out below.

1. ***Proprietary Information.***

(a) Confidential Restrictions. I agree to hold in strict confidence and in trust for the sole benefit of the Company all Proprietary Information (as defined below) that I may have access to during the course of my employment with the Company and will not disclose any Proprietary Information, directly or indirectly, to anyone outside of the Company, or use, copy, publish, summarize, or remove from Company premises such information (or remove from the premises any other property of the Company) except: (i) during my employment as authorized by Company policy and to the extent necessary to carry out my responsibilities as an employee of the Company, or (ii) after termination of my employment, as specifically authorized in writing by the President of the Company. I further understand that the publication of any Proprietary Information through literature or speeches must be approved in advance in writing by the President of the Company.

(b) Proprietary Information. "Proprietary Information" shall mean and all confidential knowledge, data or information related to the Company's business or its actual or demonstrably anticipated research or development, including without limitation: (i) trade secrets, inventions, ideas, processes, computer source and object code, data, formulae, programs, other works of authorship, know-how, improvements, discoveries, developments, designs, and techniques; (ii) information regarding products, services, plans for research and development, marketing and business plans, budgets, financial statements, contracts, prices, suppliers, and customers; (iii) information regarding the skills and compensation of the Company's employees, contractors, and any other service providers of the Company; and (iv) the existence of any business discussions, negotiations, or agreements between the Company and any third party.

(c) Exclusions. Proprietary Information shall not include: (i) information which is or becomes publicly known through lawful means; (ii) information which was rightfully in my possession or part of my general knowledge prior to my employment by the Company; or (iii) information which is disclosed to me without confidential or proprietary restriction by a third party who rightfully possesses the information (without confidential or proprietary restriction) and did not learn of it, directly or indirectly, from the Company.

(d) Third Party Information. I recognize that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree that I owe the Company and such third parties, during the term of my employment and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm, or corporation (except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party) or to use it for the benefit of anyone other than for the Company or such third party (consistent with the Company's agreement with such third party) without the express written authorization of the President of the Company.

(e) No Interference with Business. In order to protect the Company's and its goodwill, I agree that: (i) during the term of my employment by the Company, I will not, without the Company's express written consent, engage in any employment or business activity that is competitive with, or would otherwise conflict with my employment by, the Company, and (ii) for the period of my employment by the Company and for one (1) year thereafter, I will not, either directly or indirectly, solicit, induce or encourage or attempt to solicit, induce or encourage any employee, independent contractor, or consultant of the Company to terminate his, her or its relationship with the Company in order to become an employee, consultant, or independent contractor to or for any other person or entity.

2. ***Inventions.***

(a) Defined; Statutory Notice. I understand that during the term of my employment, there are certain restrictions on my development of technology, ideas, and inventions, referred to in this Agreement as "Invention Ideas." The term Invention

Ideas means any and all ideas, processes, trademarks, service marks, inventions, technology, computer programs, original works of authorship, designs, formulas, discoveries, patents, copyrights, and all improvements, rights, and claims related to the foregoing that are conceived, developed, or reduced to practice by me alone or with others except to the extent that California Labor Code Section 2870 lawfully prohibits the assignment of rights in such ideas, processes, inventions, etc. I understand that Section 2870(a) provides:

Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer.

(2) Result from any work performed by the employee for the employer.

(b) **Records of Invention Ideas.** I agree to maintain adequate and current written records on the development of all Invention Ideas and to disclose promptly to the Company all Invention Ideas and relevant records, which records will remain the sole property of the Company. I further agree that all information and records pertaining to any idea, process, trademark, service mark, invention, technology, computer program, original work of authorship, design, formula, discovery, patent, or copyright that I do not believe to be an Invention Idea, but is conceived, developed, or reduced to practice by me (alone or with others) during my period of employment shall be promptly disclosed to the Company (such disclosure to be received in confidence). The Company shall examine such information to determine if in fact the idea, process, or invention, etc., is an Invention Idea subject to this Agreement.

(c) **Assignment.** I hereby assign, and agree to assign in the future, to the Company, without further consideration, my entire right, title, and interest (throughout the United States and in all foreign countries), free and clear of all liens and encumbrances, in and to each Invention Idea, which shall be the sole property of the Company, whether or not patentable. In the event any Invention Idea shall be deemed by the Company to be patentable or otherwise registrable, I will assist the Company (at its expense) in obtaining letters patent or other applicable registrations thereon and I will execute all documents and do all other things (including testifying at the Company's expense) necessary or proper to obtain letters patent or other applicable registrations thereon and to vest the Company with full title thereto. Should the Company be unable to secure my signature on any document necessary to apply for, prosecute, obtain, or enforce any patent, copyright, or other right or protection relating to any Invention Idea, whether due to my mental or physical incapacity or any other cause, I hereby irrevocably designate and appoint the Company and each of its duly authorized officers and agents as my agent and attorney-in-fact, to act for and in my behalf and stead, to execute and file any such document, and to do all other lawfully permitted acts to further the prosecution, issuance, and enforcement of patents, copyrights, or other rights or protections with the same force and effect as if executed and delivered by me.

(d) **Excluded Inventions.** Except as disclosed in Exhibit A, there are no ideas, processes, trademarks, service marks, inventions, technology, computer programs, original works of authorship, designs, formulas, discoveries, patents, copyrights, or improvements to the foregoing that I wish to exclude from the operation of this Agreement ("Excluded Inventions"). If no Excluded Inventions are listed in Exhibit A, I warrant that there are no Excluded Inventions. I agree that I will not incorporate, or permit to be incorporated, Excluded Inventions in any Invention Idea without the Company's prior written consent. If, in the course of my employment with the Company, I incorporate an Excluded Invention into a Company process, machine or other work, I hereby grant the Company a non-exclusive, perpetual, fully-paid and royalty-free, irrevocable and worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium, whether now known or later developed, make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Excluded Invention.

(e) **Post-Termination Period.** the one (1) year period after my employment ends, I will promptly and fully disclose to the Company in writing: (i) all inventions authored, conceived, or reduced to practice by me, either alone or with others, including any that might be covered under California Labor Code Section 2870, and (ii) all patent applications filed by me or in which I am named as an inventor or co-inventor. In addition, I agree to assign in the future any idea, process, trademark, service mark, invention, technology, computer program, original work of authorship, design, formula, discovery, patent, copyright, or any improvement, rights, or claims related to the foregoing which are conceived, developed or reduced to practice at any time (including after my employment with the Company ends) to the extent any such item is based upon any Invention Ideas or portions thereof.

I understand that nothing in this Agreement is intended to expand the scope of protection provided me by Sections 2870 through 2872 of the California Labor Code.

3. **Former or Conflicting Obligations.** During my employment with the Company, I will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others. I represent that my

performance of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I certify that I have no outstanding agreement or obligation that is in conflict with any of the provisions of this Agreement, or that would preclude me from complying with the provisions hereof. I further represent that my employment by Company does not and will not breach any agreement with any former employer, including any noncompete agreement.

4. **Government Contracts.** I understand that the Company has or may enter into contracts with the government under which certain intellectual property rights will be required to be protected, assigned, licensed, or otherwise transferred and I hereby agree to execute such other documents and agreements as are necessary to enable the Company to meet its obligations under any such government contracts.

5. **Termination.** I hereby acknowledge and agree that all personal property, including, without limitation, all books, manuals, records, models, drawings, reports, notes, contracts, lists, blueprints, and other documents or materials or copies thereof, Proprietary Information, and equipment furnished to or prepared by me in the course of or incident to my employment, belong to the Company and will be promptly returned to the Company upon termination of my employment with the Company. Following my termination, I will not retain any written or other tangible material containing any Proprietary Information or information pertaining to any Invention Idea. I understand that my obligations contained herein will survive the termination of my employment. In the event of termination of my employment, I agree to sign and deliver to the Company a Termination Certificate in the form attached hereto as Exhibit B. I further agree that I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to the Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Proprietary Information, I agree to provide the Company with a computer-useable copy of all such Proprietary Information and then permanently delete and expunge such Proprietary Information from those systems; and I agree to provide the Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any property situated on the Company's premises and owned by the Company is subject to inspection by the Company's personnel at any time with or without further notice or consent. Prior to the termination of my employment or promptly after termination of my employment, I will cooperate with the Company in attending an exit interview.

6. **Miscellaneous Provisions.**

(a) **Assignment.** I agree that the Company may assign to another person or entity any of its rights under this Agreement, including, without limitation, any successor in interest to the Company or its business operations. This Agreement shall be binding upon me and my heirs, executors, administrators, and successors, and shall inure to the benefit of the Company's successors and assigns.

(b) **Governing Law; Severability.** The validity, interpretation, enforceability, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California. If any provision of this Agreement, or application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Agreement and such provisions as applied to other persons, places, and circumstances shall remain in full force and effect.

(c) **Application of this Agreement.** I hereby agree that my obligations set forth in Sections 1 and 2 hereof and the definitions of Proprietary Information and Invention Ideas contained therein shall be equally applicable to Proprietary Information and Invention Ideas relating to any work performed by me for the Company prior to the execution of this Agreement.

(d) **Notification of New Employer.** If I leave the employ of the Company, I consent to the notification of my new employer of my rights and obligations under this Agreement, by the Company providing a copy of this Agreement or otherwise.

(e) **Employment.** I agree and understand that nothing in this Agreement shall give me any right to continued employment by the Company, and it will not interfere in any way with my right or the Company's right to terminate my employment at any time, with or without cause and with or without advance notice.

(f) **Injunctive Relief.** I acknowledge that, because my services are personal and unique and because I will have access to the Proprietary Information of the Company, any breach of this Agreement by me would cause irreparable injury to the Company for which monetary damages would not be an adequate remedy and, therefore, will entitle the Company to injunctive relief (including specific performance). The rights and remedies provided to each party in this Agreement are cumulative and in addition to any other rights and remedies available to such party at law or in equity.

(g) **Entire Agreement.** The terms of this Agreement are the final and entire expression of my agreement with respect to the subject matter hereof and supersede any prior or contemporaneous agreements or representations. This Agreement only may be modified in a written agreement signed by both me and a duly authorized officer of the Company.

Date: _____

Signature

Printed Name

EXHIBIT B

GENERAL RELEASE AGREEMENT

GENERAL RELEASE AGREEMENT

In consideration of the severance benefits (the “ **Severance** ”) offered to me by Silicon Graphics International Corp. (“ **SGI** ”) pursuant to my offer letter with SGI dated _____ (“ **Offer Letter** ”) and in connection with the termination of my employment, I agree to the following general release (the “ **Release** ”).

1. On behalf of myself, my heirs, executors, administrators, successors, and assigns, I hereby fully and forever generally release and discharge SGI, its current, former and future parents, subsidiaries, affiliated companies, related entities, employee benefit plans, and their fiduciaries, predecessors, successors, officers, directors, shareholders, agents, employees and assigns (collectively, the “ **Company** ”) from any and all claims, causes of action, and liabilities up through the date of my execution of the Release. The claims subject to this release include, but are not limited to, those relating to my employment with SGI and/or any predecessor to SGI and the termination of such employment. All such claims (including related attorneys' fees and costs) are barred without regard to whether those claims are based on any alleged breach of a duty arising in statute, contract, or tort. This expressly includes waiver and release of any rights and claims arising under any and all laws, rules, regulations, and ordinances, including, but not limited to: Title VII of the Civil Rights Act of 1964; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the National Labor Relations Act; the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974, as amended (“ **ERISA** ”); the Workers Adjustment and Retraining Notification Act; the California Fair Employment and Housing Act (if applicable); the provisions of the California Labor Code (if applicable); the Equal Pay Act of 1963; and any similar law of any other state or governmental entity. The parties agree to apply California law in interpreting the Release. Accordingly, I further waive any rights under Section 1542 of the Civil Code of the State of California or any similar state statute. Section 1542 states: “ **A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known to him or her, must have materially affected his or her settlement with the debtor .** ” This Release does not extend to, and has no effect upon, any benefits that have accrued, and to which I have become vested, under any employee benefit plan within the meaning of ERISA sponsored by the Company.

2. In understanding the terms of the Release and my rights, I have been advised to consult with an attorney of my choice prior to executing the Release. I understand that nothing in the Release shall prohibit me from exercising legal rights that are, as a matter of law, not subject to waiver such as: (a) my rights under applicable workers' compensation laws; (b) my right, if any, to seek unemployment benefits; (c) my right to indemnity under California Labor Code section 2802 or other applicable state-law right to indemnity; and (d) my right to file a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency. Moreover, you will continue to be indemnified for your actions taken while employed by the Company to the same extent as other then-current or former directors and officers of the Company under the Company's Certificate of Incorporation and Bylaws and the Director and Officer Indemnification Agreement between you and the Company, if any, and you will continue to be covered by the Company's directors and officers liability insurance policy as in effect from time to time to the same extent as other then-current or former directors and officers of the Company, each subject to the requirements of the laws of the State of Delaware. To the fullest extent permitted by law, any dispute regarding the scope of this general release shall be resolved through binding arbitration pursuant to Section 9 below, and the arbitration provision set forth in my Offer Letter.

3. I understand and agree that SGI will not provide me with the Severance unless I execute the Release. I also understand that I have received or will receive, regardless of the execution of the Release, all wages owed to me together with any accrued but unused vacation pay, less applicable withholdings and deductions, earned through my termination date.

4. As part of my existing and continuing obligations to SGI, I have returned to SGI all SGI documents (and all copies thereof) and other SGI property that I have had in my possession at any time, including but not limited to SGI files, notes, drawings, records, business plans and forecasts, financial information, specification, computer-recorded information, tangible property (including, but not limited to, computers, laptops, cell phone, pagers, etc.),

credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of SGI (and all reproductions thereof). I understand that, even if I did not sign the Release, I am still bound by any and all confidential/proprietary/trade secret information, non-disclosure and inventions assignment agreement(s) signed by me in connection with my employment with SGI, or with a predecessor or successor of SGI pursuant to the terms of such agreement(s).

5. I represent and warrant that I am the sole owner of all claims relating to my employment with SGI and/or with any predecessor of SGI, and that I have not assigned or transferred any claims relating to my employment to any other person or entity.

6. I agree to keep the Severance and the provisions of the Release confidential and not to reveal its contents to anyone except my lawyer, my spouse or other immediate family member, and/or my financial consultant, or as required by legal process or applicable law.

7. I understand and agree that the Release shall not be construed at any time as an admission of liability or wrongdoing by either the Company or myself.

8. I agree that I will not make any negative or disparaging statements or comments, either as fact or as opinion, about the Company, its employees, officers, directors, shareholders, vendors, products or services, business, technologies, market position or performance. Nothing in this paragraph shall prohibit me from providing truthful information in response to a subpoena or other legal process.

9. Any controversy or any claim arising out of or relating to the interpretation, enforceability or breach of the Release shall be settled by arbitration in accordance with the arbitration provision set forth in my Offer Letter. If for any reason the arbitration provision set forth in my Offer Letter is not enforceable, I agree to arbitration under the employment arbitration rules of the American Arbitration Association or any successor hereto. The parties further agree that the arbitrator shall not be empowered to add to, subtract from, or modify, alter or amend the terms of the Release. Any applicable arbitration rules or policies shall be interpreted in a manner so as to ensure their enforceability under applicable state or federal law.

10. I agree that I have had at least twenty-one (21) calendar days in which to consider whether to execute the Release, no one hurried me into executing the Release during that period, and no one coerced me into executing the Release. I understand that the offer of the Severance and the Release shall expire on the twenty-second (22nd) calendar day after my employment termination date if I have not accepted it by that time. I further understand that SGI's obligations under the Release shall not become effective or enforceable until the eighth (8th) calendar day after the date I sign the Release provided that I have timely delivered it to SGI (the "**Effective Date**") and that in the seven (7) day period following the date I deliver a signed copy of the Release to SGI I understand that I may revoke my acceptance of the Release. I understand that the Severance will become available to me at such time after the Effective Date as specified in my Offer Letter.

11. In executing the Release, I acknowledge that I have not relied upon any statement made by SGI, or any of its representatives or employees, with regard to the Release unless the representation is specifically included herein. Furthermore, the Release contains our entire understanding regarding eligibility for and the payment of severance benefits and supersedes any or all prior representation and agreement regarding the subject matter of the Release. However, the Release does not modify, amend or supersede written SGI agreements that are consistent with enforceable provisions of this Release such as my Offer Letter, proprietary information and invention assignment agreement, and any stock, stock option and/or stock purchase agreements between SGI and me. Once effective and enforceable, this agreement can only be changed by another written agreement signed by me and an authorized representative of SGI.

12. Should any provision of the Release be determined by an arbitrator, court of competent jurisdiction, or government agency to be wholly or partially invalid or unenforceable, the legality, validity and enforceability of the remaining parts, terms, or provisions are intended to remain in full force and effect. Specifically, should a court,

arbitrator, or agency conclude that a particular claim may not be released as a matter of law, it is the intention of the parties that the general release and the waiver of unknown claims above shall otherwise remain effective to release any and all other claims. I acknowledge that I have obtained sufficient information to intelligently exercise my own judgment regarding the terms of the Release before executing the Release.

[Signature Page to General Release Agreement Follows]

EMPLOYEE'S ACCEPTANCE OF RELEASE

BEFORE SIGNING MY NAME TO THE RELEASE, I STATE THE FOLLOWING: I HAVE READ THE RELEASE, I UNDERSTAND IT AND I KNOW THAT I AM GIVING UP IMPORTANT RIGHTS. I HAVE OBTAINED SUFFICIENT INFORMATION TO INTELLIGENTLY EXERCISE MY OWN JUDGMENT. I HAVE BEEN ADVISED THAT I SHOULD CONSULT WITH AN ATTORNEY BEFORE SIGNING IT, AND I HAVE SIGNED THE RELEASE KNOWINGLY AND VOLUNTARILY.

Date delivered to employee _____, _____.

Executed this _____ day of _____, _____.

Employee Signature

Employee Name (Please Print)

[Signature Page to General Release Agreement]

SGI ANNOUNCES NEW CFO ROBERT J. NIKL

Thirty Five Year Finance Veteran and Former CFO of Verigy, Ltd. Joins Technical Computing Leader

FREMONT, Calif. - April 30, 2012 - SGI (NASDAQ: SGI), the trusted leader in technical computing, today announced the appointment of Robert J. "Bob" Nikl as SGI's executive vice president and chief financial officer effective on May 15, 2012. Mr. Nikl brings more than 35 years of finance experience to his new role, having recently served as CFO of Verigy, Ltd. Mr. Nikl replaces Jim Wheat, who has resigned for personal reasons. Mr. Wheat will stay on in an advisory role until June 1, 2012 to facilitate a smooth transition.

"While I am still in my first 90 days and reviewing the company's operations I can clearly say that SGI will benefit from Bob's experience," said Jorge Titingier, SGI president and chief executive officer. "Having worked with him in the past I value his expertise, integrity and ability to make a difference. He will contribute substantially to setting clear expectations, providing transparency, driving functional excellence and work the levers to ensure profitable growth. I would like to thank Jim Wheat for his contributions during the past four years and wish him all the best for his future endeavors."

"I am looking forward to working with Jorge and the SGI executive team to return the company to sustained profitability and growth," said Nikl. "We have a bright future ahead of us as SGI is expanding beyond High Performance Computing into the Big Data market."

Mr. Nikl is a seasoned global financial executive with experience in all financial and internal control activities, including financial planning and reporting, accounting, internal audit, investor relations, tax, treasury and risk management. Prior to Verigy, Mr. Nikl served as chief financial officer of semiconductor manufacturing equipment maker Asyst Technologies, Inc., and held executive finance positions in industry leading companies including Solectron Corporation and Xerox Corporation and began his career in public accounting at KPMG Peat Marwick.

Mr. Nikl earned an MBA from the University of Connecticut, a Bachelor of Business Administration from Pace University in New York, and is a Certified Public Accountant with active licenses in California and New York .

About SGI

SGI, the trusted leader in technical computing, is focused on helping customers solve their most demanding business and technology challenges. Visit sgi.com for more information.

Connect with SGI on Twitter ([@sgi_corp](https://twitter.com/sgi_corp)), YouTube (youtube.com/sgicorp), and [LinkedIn](#).

Contact Information:

SGI Investor Relations
Ben Liao
510-933-8430
bliao@sgi.com

Ogilvy Public Relations
Meghan Fintland
415-677-2704
sgimedia@ogilvy.com

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