

SILICON GRAPHICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except per share amounts)

	Predecessor Company	
	Three Months Ended	
	Sept. 29, 2006	Sept. 30, 2005
	(unaudited)	
Product and other revenue	\$ 45,229	\$ 73,788
Product revenue from related party (1)	15,377	16,826
Service revenue	61,199	70,125
Total revenue	<u>121,805</u>	<u>160,739</u>
Costs and expenses:		
Cost of product and other revenue	42,710	62,550
Cost of service revenue	32,265	38,172
Research and development	16,007	23,365
Selling, general and administrative	42,359	59,865
Other operating expense, net (2)	<u>3,926</u>	<u>7,185</u>
Total costs and expenses	<u>137,267</u>	<u>191,137</u>
Operating loss	(15,462)	(30,398)
Interest expense	(7,688)	(3,475)
Interest and other income (expense), net (3)	<u>11,391</u>	<u>(1,829)</u>
Loss before reorganization items and income taxes	(11,759)	(35,702)
Reorganization items	<u>340,397</u>	<u>-</u>
Income (loss) before income taxes	328,638	(35,702)
Income tax provision (3)	<u>2,382</u>	<u>497</u>
Net income (loss)	<u>\$ 326,256</u>	<u>\$ (36,199)</u>
Net Income (loss) per share:		
Basic	<u>\$ 1.20</u>	<u>\$ (0.14)</u>
Diluted	<u>\$ 0.77</u>	<u>\$ (0.14)</u>
Weighted-average shares used to compute net income (loss) per share:		
Basic	<u>271,563</u>	<u>267,036</u>
Diluted	<u>423,875</u>	<u>267,036</u>

(1) Represents product sales to SGI Japan, a related party for which we own a 10% interest at September 29, 2006 and owned a 24% interest at September 30, 2005.

(2) Represents a net charge for estimated restructuring costs and charges associated with the impairment of assets.

(3) Interest and other income (expense), net for the period ended September 29, 2006 includes a \$9.8 million pre-tax Gain from the sale of part of our interest in SGI Japan, and \$1.8 million in tax on the transaction is reflected in the Income tax provision line for the same period.