

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

	<u>Successor Company</u>	<u>Predecessor Company</u>		
	Three Months Ended	Three Months Ended		Six Months Ended
	Dec. 29, 2006 <small>(unaudited)</small>	Dec. 30, 2005 <small>(unaudited)</small>	Sept. 29 2006 <small>(unaudited)</small>	Dec. 30, 2005 <small>(unaudited)</small>
Product and other revenue (1)	\$ 58,680	\$ 62,078	\$ 45,229	\$ 135,866
Product revenue from related party (2)	5,002	4,839	15,377	21,665
Service revenue (1)	44,041	69,879	61,199	140,004
Total revenue	<u>107,723</u>	<u>136,796</u>	<u>121,805</u>	<u>297,535</u>
Costs and expenses:				
Cost of product and other revenue (3)	59,918	43,517	42,710	106,067
Cost of service revenue	29,387	37,435	32,265	75,607
Research and development	14,984	21,254	16,007	44,619
Selling, general and administrative (4)	41,606	57,627	42,359	117,492
Other operating expense, net (5)	2,885	10,114	3,926	17,299
Total costs and expenses	<u>148,780</u>	<u>169,947</u>	<u>137,267</u>	<u>361,084</u>
Operating loss	(41,057)	(33,151)	(15,462)	(63,549)
Interest expense	(3,158)	(4,209)	(7,688)	(7,503)
Interest and other income (expense), net (6)	<u>1,199</u>	<u>1,983</u>	<u>11,391</u>	<u>(27)</u>
Loss before reorganization items and income taxes	(43,016)	(35,377)	(11,759)	(71,079)
Reorganization items	-	-	340,397	-
(Loss) income before income taxes	(43,016)	(35,377)	328,638	(71,079)
Income tax provision	<u>678</u>	<u>287</u>	<u>2,382</u>	<u>784</u>
Net (loss) income	<u>\$ (43,694)</u>	<u>\$ (35,664)</u>	<u>\$ 326,256</u>	<u>\$ (71,863)</u>
Net (loss) income per common share:				
Basic	<u>\$ (3.93)</u>	<u>\$ (0.13)</u>	<u>\$ 1.20</u>	<u>\$ (0.27)</u>
Diluted	<u>\$ (3.93)</u>	<u>\$ (0.13)</u>	<u>\$ 0.77</u>	<u>\$ (0.27)</u>
Weighted-average shares used to compute net (loss) income per share:				
Basic	<u>11,125</u>	<u>268,383</u>	<u>271,563</u>	<u>267,710</u>
Diluted	<u>11,125</u>	<u>268,383</u>	<u>423,875</u>	<u>267,710</u>

- (1) For the three-month period ended December 29, 2006, Product and other revenue and service revenue was negatively impacted by \$3 million and \$13 million, respectively, resulting from the fresh-start valuation of deferred revenue.
- (2) Represents product sales to SGI Japan, a related party for which we own a 10% interest at December 29, 2006 and owned a 24% interest at December 30, 2005.
- (3) Cost of product and other revenue includes non-cash costs of \$13 million for the amortization of fresh-start inventory valuation adjustments and \$2 million associated with the amortization of intangibles.
- (4) Selling general and administrative expense includes non-cash costs of \$2 million associated with the amortization of intangibles.
- (5) Represents charges for estimated restructuring costs, related accretion expense, and asset impairments in each of the three-month periods ended December 29, 2006, September 29, 2006 and December 30, 2005 and in the six-month period ended December 30, 2005. The three-month period ended December 29, 2006 also includes \$2 million in bankruptcy-related items incurred post-emergence.
- (6) The three-month period ended September 29, 2006 includes a pre-tax gain of approximately \$10 million on the sale of a portion of our investment in SGI Japan.