



Dear Valued Customer:

As you know, we've been working hard to strengthen our company and bring you the high performance computers, visualization, storage and software products and services that you value and have come to expect from Silicon Graphics. Today, we took another step in that direction announcing our intent to combine with Rackable Systems in the next month. Rackable Systems is the leader in built-to-order clusters, traditionally focused on the internet markets, and now moving into HPC segments. Our joint objective is to build an even more powerful company capable of providing a wide range of products from built-to-order clusters to our new breakthrough UltraViolet shared memory system that is currently in development. We'll surround our HPC systems with combined storage and software products, and continue developing our leading edge VUE visualization software. We further plan to merge our two service organizations and continue to provide the customer and professional services for which you rely upon us. Rackable also has a very strong cash position and we'll significantly reduce the SGI debt load so the resulting company will be in a much stronger long-term position, ensuring our ability to be your trusted partner for your computing needs far into the future.

The way that we'll accomplish the combination will be a little unique, but given today's economic environment, this approach will give us the desired result in the shortest amount of time. We'll put SGI through a "Section 363" process under the U.S. Bankruptcy code that will enable Rackable to acquire the company without assuming the debt. During a relatively short 25 day period, we'll continue to operate as independent companies, and you should expect and receive the same levels of support as before. When the process is complete, we will have a much stronger combined company with great products, people and financial strength.

We look forward to your continued partnership, and I would like to thank you in advance for your support. If you have questions please call me at 408-524-7200 or send a note to me, bo@sgi.com.

Sincerely,

A handwritten signature in black ink that reads "Bo Ewald". The signature is written in a cursive, flowing style.

Robert "Bo" Ewald
CEO
Silicon Graphics, Inc.