

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:

SILICON GRAPHICS, INC., *et al*,

Debtors

Chapter 11

Case No. 06-10977

(Jointly Administered)

**SUMMARY OF FIRST AND FINAL APPLICATION OF BEAR, STEARNS &
CO. INC., FOR ALLOWANCE OF COMPENSATION FOR PROFESSIONAL
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED
DURING THE PERIOD FROM MAY 8, 2006 THROUGH SEPTEMBER 19, 2006**

Name of Applicant:	Bear, Stearns & Co. Inc.
Authorized to Provide Professional Services to:	Debtors
Date of Retention	July 27, 2006 (<i>nunc pro tunc</i> to May 8, 2006)
Period for which Compensation and Reimbursement is Sought	May 8, 2006 through September 19, 2006
Amount of Compensation Requested	\$1,550,000
Amount of Expense Reimbursement Requested:	\$14,630.04
This is a(n):	<input type="checkbox"/> interim <input checked="" type="checkbox"/> final fee application

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

SILICON GRAPHICS, INC., *et al*,

Debtors

Chapter 11

Case No. 06-10977

(Jointly Administered)

**FIRST AND FINAL APPLICATION OF BEAR, STEARNS & CO. INC., AS
FINANCIAL ADVISOR TO THE DEBTORS, FOR ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED
DURING THE PERIOD FROM MAY 8, 2006 THROUGH SEPTEMBER 19, 2006**

TO: THE HONORABLE BURTON S. LIFLAND
UNITED STATES BANKRUPTCY JUDGE

Bear, Stearns & Co. Inc. (“Bear Stearns”), as financial advisor to Silicon Graphics, Inc., *et al.* (the “Debtors”), hereby submits its first and final application (the “Application”), pursuant to section, 328(a) of Title 11 of the United States Code (the “Bankruptcy Code”), seeking final allowance of compensation for professional services performed by Bear Stearns during the period from May 8, 2006 (the “Commencement Date”) through and including September 19, 2006, (the “Compensation Period”), and reimbursement of its actual and necessary expenses incurred during the Compensation Period. In support of this Application, Bear Stearns respectfully represents the following:

GENERAL CASE BACKGROUND

1. On May 8, 2006, the Debtors filed with the Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors have since continued to operate their businesses and manage their properties pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. On July 27, 2006, the Court approved the Debtors' Disclosure Statement with respect to the First Amended Joint Plan of Reorganization (the "Plan").

3. On September 19, 2006, the Court entered an Order confirming the Plan. The Plan became effective on October 17, 2006.

RETENTION OF BEAR STEARNS

4. On the Commencement Date the Debtors filed an application pursuant to Bankruptcy Rule 2014(a) and sections 327(a) and 328(a) of the Bankruptcy Code for authorization to employ and retain Bear Stearns as financial advisor to the Debtors, *nunc pro tunc* to the Commencement Date (the "Retention Application"). Bear Stearns was selected by the Debtors based on its extensive knowledge of the Debtors and the Technology sector in which the Debtors compete, as well as Bear Stearns' experience advising parties in distressed situations as described more fully in the Retention Application.

5. Prior to the Commencement Date, Bear Stearns was engaged by Silicon Graphics to explore strategic alternatives and to provide investment banking services related to the restructuring of Silicon Graphics, and invested significant time and resources on behalf of Silicon Graphics in preparing for the Debtors' commencement of these chapter 11 cases.

6. Bear Stearns' experience with the Debtors prior to the Commencement Date and the services performed by Bear Stearns' during the Compensation Period were substantial and necessary, and facilitated confirmation of the Plan within five months of the Commencement Date.

7. As outlined in the Retention Application, the Debtors retained Bear Stearns as financial advisor to perform the following services:

- a. Review and analysis of the business, financial condition and prospects of the Company;
- b. Review and consideration from a financial point of view of the potential combination benefits and other implications of effecting a Sale with any Acquiror;
- c. Review and consideration from a financial point of view of the Company's available Sale, Restructuring and Financing alternatives;
- d. Development of a valuation of the Company and of any securities that the Company offers or proposes to offer in connection with a Transaction;
- e. Review and consideration from a financial point of view of proposed Transaction structures and terms;
- f. Development and implementation of a strategy to effectuate a Transaction and/or a Financing, including in the case of a Sale, preparation and distribution of marketing materials; screening of prospective Acquirors; coordination of data room and Acquiror due diligence; and solicitation and review of proposals from prospective Acquirors;
- g. Development of presentations made to any official committee appointed in the bankruptcy cases, and other interested parties regarding the Transaction; and
- h. Negotiation of the Transaction with the Company's creditors, any Acquiror or any other interested parties.
- i. In addition, to the extent requested by the Company and appropriate under the circumstances, Bear Stearns agrees to be available to meet with the Company's Board of Directors to discuss any Transaction and Financing alternatives and their financial implications and to render such other financial advisory and investment banking services, including providing expert testimony, as may be mutually agreed upon by Bear Stearns and the Company.

8. On May 31, 2006, the Court entered an Interim Order approving the employment of Bear Stearns as financial advisor to the Debtors. On July 27, 2006,

the Court entered a Final Order approving the Retention Application (the “Final Order”). Bear Stearns’ retention was approved *nunc pro tunc* to May 8, 2006.

REQUEST FOR ALLOWANCE OF COMPENSATION

9. Pursuant to the terms of its engagement letter with the Debtors (the “Engagement Letter” annexed hereto as Exhibit A), Bear Stearns requests final allowance of compensation for professional services rendered to the Debtors during the Compensation Period in the aggregate amount of \$1,700,000. As shown below, this amount includes monthly fees totaling \$400,000 plus a net restructuring fee of \$1,300,000 (and accounts for certain fee credits pursuant to the Engagement letter, and an additional credit not reflected in the Engagement Letter whereby Bear Stearns has agreed to credit 50% of Monthly Fees paid prior to the Commencement Date).

Monthly Fees (June – September 2006)	\$400,000.00
Restructuring Fee	1,500,000.00
Less 50% of Monthly Fees (March – September 2006)	350,000.00
Net Restructuring Fee	1,150,000.00
Total Compensation Requested	\$1,550,000.00

10. There is no agreement or understanding between Bear Stearns and any other person for the sharing of compensation to be received for services rendered in these cases.

11. The fees charged by Bear Stearns during the Compensation Period have been billed in accordance with the Engagement Letter and the Final Order (annexed

hereto as Exhibit B). Bear Stearns believes that the fees that it is seeking for services rendered in these Chapter 11 cases are comparable to those fees charged by Bear Stearns for professional services rendered in comparable bankruptcy and non-bankruptcy related matters. Bear Stearns also believes that such fees are reasonable based on customary compensation charged by similarly skilled practitioners in comparable bankruptcy and non-bankruptcy matters in the competitive national financial advisory market.

12. Pursuant to the UST Guidelines (defined below), annexed hereto as Exhibit C is a schedule of all Bear Stearns professionals who have performed services in these Chapter 11 cases during the Compensation Period, the capacities in which each individual is employed by Bear Stearns and the aggregate number of hours expended by each individual in this matter. As summarized in Exhibit C, during the Compensation Period, Bear Stearns' professionals expended at least 862 hours.

13. Annexed hereto as Exhibit E are time records prepared by Bear Stearns covering the Compensation Period, with descriptions of services rendered on behalf of the Debtors. As set forth in the Retention Application, it is not the general practice of Bear Stearns or other investment banks to maintain hourly time records similar to those customarily maintained by attorneys. In restructuring assignments, Bear Stearns' investment banking professionals directly involved with an assignment do maintain time records when required by the terms of our engagement. In the course of providing services to restructuring clients, Bear Stearns' restructuring team will often seek input from Bear Stearns professionals not involved with a restructuring engagement on a day-to-day basis. Time records for these professionals, which in the aggregate may represent significant hours, are not captured by time keeping practices. Furthermore,

apart from the time recording practices described above, Bear Stearns' investment banking professionals do not maintain time records on a "project category" basis. For Bear Stearns to recreate time records on a project category basis would be unduly burdensome and time consuming.

ACTUAL AND NECESSARY EXPENSES

14. In addition to its fees, outlined above, Bear Stearns requests allowance of \$14,630.04 in actual and necessary expenses incurred by Bear Stearns during the Compensation Period. Summaries of these expenses by category are provided as part of Exhibit D. It is Bear Stearns' policy to charge its clients only for the amount of expenses actually incurred, and not to include a profit component for Bear Stearns in such requested expenses.

BEAR STEARNS' ACTIVITIES ON BEHALF OF THE DEBTORS

15. During the Compensation Period, Bear Stearns worked extensively with the Debtors, the Official Committee of Unsecured Creditors (the "Creditors' Committee"), the Ad hoc Committee of Noteholders, other parties in interest in these Chapter 11 cases, and their respective advisors. This work covered a wide range of financial and strategic issues related to the negotiation, structuring and implementation of the Plan. Bear Stearns has performed such services in an efficient manor while making every effort to avoid any duplication of effort with the Debtors other advisors.

16. The following is a summary of the services provided by Bear Stearns in these Chapter 11 cases. Rather than an exhaustive daily account of activities, it is intended to provide an overview of services rendered by Bear Stearns during the Compensation Period.

Due Diligence

17. While Bear Stearns was thoroughly familiar with the Debtors' and their business performance prior to the Compensation Period, throughout the Compensation Period Bear Stearns continued to update its due diligence to gauge the Debtors' performance against its business plan and the impact of such performance on the Plan, and any financing or plan alternatives.

18. Furthermore, Bear Stearns assisted interested parties in performing their own due diligence, as appropriate.

Evaluating the Debtors' Financial and Strategic Alternatives

19. Throughout the Debtors' cases, Bear Stearns assisted in the analysis of numerous financial and strategic issues affecting the Debtors' financial position. Bear Stearns assisted the Debtors in evaluating the financial impact of the potential sale of certain assets, as well as strategic alternatives, including those related to real estate and the Debtors' foreign assets.

Meetings with Debtors and their Other Advisors

20. Throughout the Compensation Period, Bear Stearns participated in numerous meetings and conference calls with management of the Debtors and the Debtors' other advisors. Bear Stearns' professionals provided advice regarding a number of business and plan issues, and also provided updates on third party discussions and activities related to the Plan and plan alternatives.

Meetings with Official Committee and other Stakeholders

21. Throughout the Compensation Period, Bear Stearns had numerous conversations with representatives of the Committee, the Ad hoc Committee, and holders

of the Debtors' bonds and other unsecured creditors that did not serve on an official or ad hoc committee. Bear Stearns corresponded with these parties on behalf of the Debtors, and responded to concerns about various developments in these cases.

Exploration and Review of Plan Alternatives

22. Prior to the Commencement Date, Bear Stearns orchestrated a process to seek out and review alternatives to the Plan. This process continued into the Compensation Period, and included seeking out and communicating with potential investors, evaluating alternative transactions as compared with the Plan, and advising the Debtors accordingly.

Plan of Reorganization and Disclosure Statement

23. Bear Stearns participated in the structuring, analysis and negotiation of the Plan and its associated agreements. This included numerous related conference calls and meetings with the Debtors, the Debtors' stakeholders, and potential investors. Bear Stearns spent significant time working with the Debtors and their other advisors in drafting the Plan of Reorganization and Disclosure Statement. Specifically, Bear Stearns played a key role in the business description, recoveries, valuation, and liquidation value sections of Plan and Disclosure Statement. Bear Stearns also prepared declarations in support of confirmation of the Plan relating to the Debtors' going concern valuation, as well as its valuation under a liquidation scenario. Finally, Bear Stearns was prepared to provide expert testimony at the Confirmation Hearing, if necessary.

Valuation and Liquidation Analysis

24. To support confirmation of the Plan, Bear Stearns devoted a significant amount of time during the Compensation Period preparing a valuation of the

Debtors. Bear Stearns prepared numerous valuation analyses including discounted cash flow analyses, comparable company analyses, and comparable transaction analyses, as well as a study of the weighted average cost of capital of similarly situated companies. Based on these analyses and input from Bear Stearns' professionals, Bear Stearns prepared an analysis to determine the Debtors' theoretical Total Enterprise Value, the corresponding recoveries available to each class of creditors, and a comparative economic analysis of the Plan and any plan alternatives. Bear Stearns also assisted the Debtors in preparing a comprehensive, consolidating liquidation analysis for each of the Debtors' material legal entities.

General Financial Advisory Services

25. In addition to the areas outlined above, Bear Stearns spent significant time providing general financial advisory services to the Debtors. This included providing advice on capital market alternatives available to the Debtors, and advising the Debtors on issues related to their financial reporting.

General Chapter 11 Administration and Retention

26. This includes time spent addressing Bear Stearns' retention and fee related issues, other administrative tasks and related communications that do not fall within the categories described above.

27. This Application has been prepared in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in the Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the "Local Guidelines"), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses, dated January 30, 1996 (the "UST

Guidelines”), and this Court’s Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals, dated May 31, 2006 (the “Administrative Order”, and together with the Local Guidelines and UST Guidelines, the “Guidelines”). A certification regarding Bear Stearns’ compliance with the Local Guidelines is annexed hereto and incorporated herein by reference.

28. It is respectfully submitted that the amounts requested herein by Bear Stearns are fair and reasonable given (i) the complexity of these cases, (ii) the time and resources required, (iii) the skills required to deliver the services rendered, (iv) the preclusion of other employment opportunities, (v) the proprietary knowledge and experience employed by Bear Stearns with respect to the technology sector and capital markets, and (vi) the customary fees charged by Bear Stearns to clients in bankruptcy and non-bankruptcy situations.

29. WHEREFORE, Bear Stearns respectfully requests (i) final allowance of compensation for professional services rendered during the Compensation Period in the amount of \$1,550,000.00, and reimbursement of actual and necessary expenses incurred by Bear Stearns during the Compensation Period of \$14,630.04, (ii) authorization for the Debtors to pay unpaid amounts as requested herein and set forth in the table below and the invoice annexed hereto as Exhibit F, and (iii) that the Court grant Bear Stearns such other and further relief as is just and proper.

Totals Compensation Requested (from paragraph 9, above)	\$1,550,000.00
Total Expense Reimbursement Requested (from paragraph 14, above)	14,630.04
Total Amount of Compensation and Reimbursement Requested	1,564,630.04
Less: Amounts Paid to Date	212,656.00
Net Amount Due	\$1,351,974.04

Dated: January 3, 2007

Respectfully Submitted,

/s/ Andrew B. Samett
 Andrew B. Samett
 Senior Managing Director
 Bear, Stearns & Co. Inc.
 383 Madison Avenue
 New York, NY 10179
 212-272-2000

Financial Advisor to the Debtors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

SILICON GRAPHICS, INC., *et al*,

Debtors

Chapter 11

Case No. 06-10977

(Jointly Administered)

**CERTIFICATION OF ANDREW B. SAMETT IN SUPPORT OF
FINAL APPLICATION OF BEAR, STEARNS & CO., INC. FOR
COMPENSATION AND REIMBURSEMENT OF EXPENSES**

This certification is submitted in support of the application of Bear, Stearns & Co., Inc. (“Bear Stearns”) for allowance of compensation and reimbursement of expenses (the “Application”)¹ for the period May 8, 2006 through September 19, 2006 (the “Compensation Period”). To the best of my knowledge, information and belief, formed after reasonable inquiry, I certify the following:

1. As required by Section B. 1 of the Local Guidelines, I certify that:
 - (a) I have read the Application;
 - (b) to the best of my knowledge, information, and belief formed after reasonable inquiry, the fees and disbursements sought in the Application fall within the Local Guidelines;
 - (c) the fees and disbursements sought are charged in accordance with practices customarily employed by Bear Stearns and generally accepted by Bear Stearns’ clients; and
 - (d) in providing a reimbursable service, Bear Stearns does not make a profit on that service, whether the service is performed by Bear Stearns in-house or through a third party.
2. With respect to Section B. 2 of the Local Guidelines, I certify that Bear

Stearns’ Monthly Statements for the months of June and July 2006 were sent to the

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Application.

Debtors, counsel for the Official Committee of Unsecured Creditors (the “Committee”), and the Office of the United States Trustee for the Southern District of New York, among others, not later than 30 days after the end of the month to which each Monthly Statement applied. Furthermore, due to the timing of the confirmation of the Plan, Bear Stearns did not submit Monthly Statements to the Debtors for August and September 2006. Such amounts are included in the annexed Application.

3. As required by Section B. 3 of the Local Guidelines, I certify that the Debtors, counsel for the Committee, and the Office of the United States Trustee for the Southern District of New York, will each be provided with a copy of the Application at least ten (10) days in advance of the hearing to consider the Application.

I certify the foregoing to be true and correct.

Executed January 3, 2007

/s/ Andrew B. Samett
Andrew B. Samett
Senior Managing Director
Bear, Stearns & Co. Inc.

Subscribed and Sworn to before me
this 3rd day of January, 2007

/s/ Jacqueline Fox
Notary Public

My Commission expires: 4/6/2010

Jacqueline Fox
Notary Public, State of New York
No. 41-4994339
Qualified in Westchester County
Commission Expires April 6, 2010

EXHIBIT A – ENGAGEMENT LETTER



Bear, Stearns & Co. Inc.
383 Madison Avenue
New York, NY 10179
Tel (212) 272-2000
www.bearstearns.com

May 7, 2006

Silicon Graphics, Inc.
1500 Crittenden Lane
Mountain View, CA 94043

Gentlemen:

This letter agreement (together with Annex A and the Indemnification Provisions attached hereto, this "Agreement") between Silicon Graphics, Inc. and its affiliates (the "Company") and Bear, Stearns & Co. Inc. ("Bear Stearns") shall amend and restate the letter agreement dated March 2, 2006 between Silicon Graphics, Inc. and Bear Stearns as follows:

1. The Company hereby engages Bear Stearns to act as the Company's exclusive financial advisor in connection with its Chapter 11 bankruptcy cases and any Sale, Restructuring or Financing (each as defined below).
2. Bear Stearns hereby accepts the engagement and, in that connection, to the extent requested by the Company and appropriate under the circumstances, agrees to assist the Company in the following:
 - (a) Review and analysis of the business, financial condition and prospects of the Company;
 - (b) Review and consideration from a financial point of view of the potential combination benefits and other implications of effecting a Sale with any acquirer of the Company (an "Acquiror");
 - (c) Review and consideration from a financial point of view of the Company's available Sale, Restructuring and Financing alternatives;
 - (d) Development of a valuation of the Company and of any securities that the Company offers or proposes to offer in connection with a Transaction (as defined below);
 - (e) Review and consideration from a financial point of view of proposed Transaction structures and terms;
 - (f) Development and implementation of a strategy to effectuate a Transaction and/or a Financing, including in the case of a Sale, preparation and distribution of marketing materials; screening of prospective Acquirors; coordination of data

room and Acquiror due diligence; and solicitation and review of proposals from prospective Acquirors;

- (g) Development of presentations made to any official committee appointed in the bankruptcy cases, and other interested parties regarding the Transaction; and
- (h) Negotiation of the Transaction with the Company's creditors, any Acquiror or any other interested parties.

In addition, to the extent requested by the Company and appropriate under the circumstances, Bear Stearns agrees to be available to meet with the Company's Board of Directors to discuss any Transaction and Financing alternatives and their financial implications and to render such other financial advisory and investment banking services, including providing expert testimony, as may be mutually agreed upon by Bear Stearns and the Company.

3. For purposes hereof, "Sale" shall mean any transaction or series of related transactions whereby, directly or indirectly, control of the Company or any of its businesses or assets is transferred for consideration, including, without limitation, a sale, acquisition or exchange of stock (including shares issuable upon conversion of any securities convertible into stock) or assets, a lease or license of assets with or without a purchase option, or a merger, consolidation or reorganization, tender offer, leveraged buyout or other extraordinary corporate transaction or business combination involving the Company, whether pursuant to a plan or plans of reorganization, section 363 of the Bankruptcy Code or otherwise.

"Restructuring" shall mean (a) any agreement or series of agreements, or any transaction or series of transactions, whether or not consummated by the Company pursuant to a confirmed plan or plans of reorganization under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"), the effect of which is to extinguish, modify, replace, refinance, compromise, forgive or exchange (whether or not in exchange for property, cash, securities or other consideration) any of the Company's outstanding debt securities or other indebtedness ("Company Indebtedness"); (b) any repayment of any Company Indebtedness from the proceeds of any Sale; or (c) any agreement or series of agreements, or any transaction or series of transactions, pursuant to which any subsidiary, division, assets, property or business owned by the Company is spun-off or ceded to the Company's creditors.

"Transaction" shall mean any Sale or and Restructuring.

"Financing" shall mean any financing involving debt and/or equity securities of the Company or any syndicated loan financing undertaken on behalf of the Company, in each case in conjunction with a Restructuring or a Sale. Any Financing shall be on terms and conditions (including receipt of internal committee approvals) customary for Bear Stearns

Silicon Graphics, Inc.

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for similar transactions, which terms and conditions will be embodied in one or more separate written agreements.

4. In consideration of our services pursuant to this Agreement, the Company agrees to pay Bear Stearns the following compensation:
 - (a) A monthly cash fee of \$100,000 (the "Monthly Fee"), payable on June 1, 2006, and on the first business day of each calendar month thereafter during the period of Bear Stearns's engagement hereunder. 50% of any Monthly Fees paid shall be credited against any compensation payable under paragraphs 4(b) and 4(c) below;
 - (b) If the Company consummates a Restructuring, a cash fee (the "Restructuring Fee") equal to \$1,500,000, which Restructuring Fee shall be reduced by 50% of any Sale Fee, or by 100% of any Sale Fee associated with a Sale of substantially all of the assets or equity securities of the Company received in accordance with paragraph 4(c) below;
 - (c) If the Company consummates a Sale or enters into an agreement pursuant to which a Sale is subsequently consummated, a cash fee (the "Sale Fee") equal to 1.00% of the Aggregate Consideration (as defined below) involved in the Sale.
 - (d) Upon mutual consent and under terms to be mutually agreed upon, and subject to bankruptcy court approval, Bear Stearns shall assist the Company in consummating a Financing.

For purposes hereof, the term "Aggregate Consideration" shall mean the total value of all cash, securities and other consideration in any form paid or to be paid, directly or indirectly, by an Acquiror to the Company and/or its securityholders (treating any shares issuable upon exercise of "in-the-money" options, warrants or other "in-the-money" rights of conversion, whether or not vested, as outstanding) in connection with a Sale plus the amount of any debt or preferred stock assumed, acquired, redeemed or repaid (directly or indirectly) in connection with the Sale or which remains on the Company's financial statements at the time of the Sale and including, without limitation (to the extent in connection with or in contemplation of the Sale), amounts paid into escrow, consideration that is contingent upon the occurrence of some future event (e.g., realization of earnings projections, including the present value of any expected future earnout payments), the aggregate amount of any dividends or other distributions declared by the Company (other than regularly scheduled dividends) and amounts paid by the Company to repurchase any securities of the Company (other than pre-existing, ordinary course repurchase programs).

The Sale Fee shall be payable in cash (i) in the case of a multiple-step acquisition, upon the acquisition of 50% or more of the voting power of the Company's outstanding voting securities and (ii) in the case of a merger, asset acquisition or other form of acquisition, at the time of the closing of the Sale, the effectiveness of a confirmed plan or plans of

reorganization effectuating a Sale or Sales, or the entry of an order authorizing a Sale pursuant to section 363 of the Bankruptcy Code or otherwise (the "Closing"). In the event the Sale involves, directly or indirectly, a transfer of ownership or control of 50% or more of the then outstanding voting securities of the Company, the Sale Fee shall be computed as if all equity securities of the Company were transferred in the Sale for the same per share amounts as the securities actually so transferred. In the event the Sale involves a transfer of ownership or control of less than 50% of the then outstanding voting securities of the Company, and no significant interest in any of its businesses or assets, the fee payable to Bear Stearns shall be consistent with compensation agreements customarily agreed to by Bear Stearns in similar circumstances.

If any portion of the Aggregate Consideration is paid in the form of securities, the value of such securities, for purposes of calculating the Sale Fee, will be determined by the average of the closing price for such securities on the five trading days ending three trading days prior to the date of the Closing. If such securities do not have an existing trading market, the value of the securities shall be the mutually agreed upon fair market value on the day prior to the Closing.

5. The Company will promptly reimburse Bear Stearns, periodically upon request, for all out-of-pocket expenses reasonably incurred by Bear Stearns in connection with Bear Stearns rendering its services under this Agreement, including the reasonable fees and disbursements of legal counsel. Without limitation of the Indemnification Provisions referred to below, the aggregate amount of expenses reimbursable by the Company under this paragraph shall not exceed \$100,000 without the Company's consent (not to be unreasonably withheld).
6. During the period of Bear Stearns' engagement hereunder, Bear Stearns shall have the exclusive right, but not the obligation, to act as lead managing underwriter, lead initial purchaser or lead placement agent for any financing involving debt and/or equity securities of the Company and as lead arranger of any syndicated loan financing undertaken on behalf of the Company (in each case acting as sole or joint book runner), , in each case on terms and conditions (including receipt of internal committee approvals) customary for Bear Stearns for similar transactions, which terms and conditions will be embodied in one or more separate written agreements, subject to any necessary bankruptcy court approval.
7. Bear Stearns' engagement hereunder may be terminated at any time by either Bear Stearns or the Company upon written notice thereof to the other party without liability or continuing obligation on the part of the Company or Bear Stearns; provided, however, that Bear Stearns will continue to be entitled to the full amount of the Restructuring Fee, Sale Fee, Financing Fee and any other compensation payable pursuant to paragraph 4 above in the event that any of the events specified therein occurs prior to the expiration of 9 months after any termination of this Agreement or Bear Stearns' engagement hereunder; and provided, further, that the rights and obligations under paragraphs 5 and 6

Silicon Graphics, Inc.

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above, the Indemnification Provisions referred to below and Annex A attached hereto shall survive any termination of this Agreement or Bear Stearns' engagement hereunder.

8. Upon execution of this Agreement, the Company shall promptly apply to the bankruptcy court asserting jurisdiction over the Company's Chapter 11 case or cases (the "Bankruptcy Court") for approval pursuant to Section 328 of the Bankruptcy Code of (i) this Agreement (the "Approved Agreement") and (ii) Bear Stearns' retention by the Company under the terms of the Approved Agreement, in each case subject to the standard of review provided in Section 328(a) of the Bankruptcy Code and not subject to any other standard of review under Section 330 of the Bankruptcy Code. Upon such approval by the Bankruptcy Court, Bear Stearns will act as the Company's exclusive financial advisor on the terms and subject to the conditions hereof. The Company shall supply Bear Stearns with a draft of such application and any proposed order approving Bear Stearns' retention sufficiently in advance of the filing of such application and proposed order to enable Bear Stearns and its counsel to review and comment thereon. Bear Stearns shall have no obligation to provide any services under this Agreement unless Bear Stearns' retention under the terms of this Agreement is approved under Section 328(a) of the Bankruptcy Code by a final order of the Bankruptcy Court no longer subject to appeal, rehearing, reconsideration or petition for certiorari, and which order is acceptable to Bear Stearns in all respects in its sole discretion. Bear Stearns acknowledges that in the event the Bankruptcy Court approves its retention by the Company, Bear Stearns' fees and expenses will be subject to the jurisdiction and approval of the Bankruptcy Court under Section 328(a) of the Bankruptcy Code and any applicable fee and expense guideline orders. The Company shall (x) pay all fees and expenses of Bear Stearns hereunder as promptly as practicable in accordance with the terms hereof, subject to Bankruptcy Court approval and (y) file with the Bankruptcy Court, as the Bankruptcy Court allows, any and all necessary applications with respect to such fees and expenses. The Company shall use its best efforts to obtain bankruptcy court approval (pursuant to a final order of such court) of this Agreement. In agreeing to seek the retention of Bear Stearns under Section 328(a) of the Bankruptcy Code, the Company acknowledges that it believes that Bear Stearns' general professional experience and expertise, its knowledge of the industry in which the Company operates and its capital markets and merger and acquisition capabilities will inure to the benefit of the Company in pursuing any Transaction or Financing, that the value to the Company of Bear Stearns' services hereunder derives in substantial part from that experience and expertise and that, accordingly, the structure and amount of the Monthly Fee, the Restructuring Fee, and the Sale Fee is reasonable irrespective of the number of hours to be expended by Bear Stearns' professionals in the performance of the services provided hereunder.
9. The provisions set forth in Annex A and the Indemnification Provisions attached hereto are incorporated herein in their entirety.
10. EACH OF BEAR STEARNS AND THE COMPANY (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY LAW, ON BEHALF OF ITS RESPECTIVE

Silicon Graphics, Inc.
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EQUITY HOLDERS AND CREDITORS) HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED UPON, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY (INCLUDING, WITHOUT LIMITATION, ANY TRANSACTION OR FINANCING).

11. This Agreement and all controversies arising hereunder or relating hereto will be governed by, and construed and enforced in accordance with, the laws of the State of New York.
12. For the convenience of the parties hereto, any number of counterparts of this Agreement may be executed by the parties hereto, each of which shall be an original instrument and all of which taken together shall constitute one and the same Agreement. Delivery of a signed counterpart of this Agreement by facsimile transmission shall constitute valid and sufficient delivery thereof.

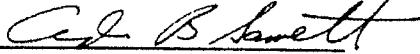


Silicon Graphics, Inc.
May 7, 2006
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Please confirm that the foregoing is in accordance with your understanding by signing in the space provided below and returning to us a duplicate of this Agreement.

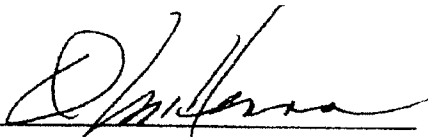
Very truly yours,

BEAR, STEARNS & CO. INC.

By: 
Andrew B. Samett
Managing Director

ACCEPTED AND AGREED TO:

Silicon Graphics, Inc. and its affiliates

By: 
Dennis McKenna
Chairman & Chief Executive Officer

ANNEX A

Additional Provisions

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the letter agreement dated May 7, 2006 (as amended from time to time, the "Agreement") between Silicon Graphics, Inc. and Bear, Stearns & Co. Inc.

- A. For purposes of this Agreement, the term "Acquiror" includes (i) any person or entity acting together with an Acquiror and (ii) any entity formed by an Acquiror, any person or entity acting together with an Acquiror or their respective affiliates (within the meaning of the Securities Exchange Act of 1934, as amended), whether or not the Acquiror, any such person or entity or their respective affiliates own a majority of the equity interests therein, in each case in connection with or for the purpose of entering into a Sale.
- B. During the period of Bear Stearns' engagement hereunder, the Company will furnish or arrange to have furnished to Bear Stearns all information concerning the Company and a Transaction that Bear Stearns deems appropriate and will provide Bear Stearns with access to the Company's officers, directors, employees, affiliates, appraisers, independent accountants, legal counsel and other agents, consultants and advisors (collectively, its "Representatives"). To the extent consistent with legal requirements, all information given to Bear Stearns by the Company will, unless otherwise available, be held by Bear Stearns in confidence and, without the Company's prior approval, will not be disclosed to anyone other than Bear Stearns' employees, agents and advisors or used for any purposes other than those contemplated by this Agreement. In addition, in the event that, during the period of the engagement of Bear Stearns hereunder, the Company or any of its Representatives are contacted by or on behalf of any party concerning the possibility of a Transaction, the Company will promptly so inform Bear Stearns in order that Bear Stearns can evaluate such party and its interest and assist the Company in any subsequent discussions. The Company will also promptly inform Bear Stearns in the event that the Company retains any legal counsel, consultant or other advisor or Representative in connection with the Transaction.
- C. The Company recognizes and confirms that, in providing our services pursuant to this Agreement, Bear Stearns will rely upon and assume the accuracy and completeness of all financial and other information furnished by or discussed with the Company, any Acquiror and their respective Representatives, or available from public sources, and Bear Stearns does not assume responsibility for the accuracy or completeness of any such information. It is understood and agreed that (i) Bear Stearns will have no obligation to verify such information or to conduct any independent evaluation or appraisal of the assets or liabilities of the Company, any Acquiror or any other party and (ii) Bear Stearns will assume that any financial projections or forecasts (including cost savings and synergies) that may be furnished by or discussed with the Company or any Acquiror and their respective Representatives have been reasonably prepared and reflect the best then currently available estimates and judgments of the Company's or such Acquiror's management.

-
- D. All advice (written or oral) given by Bear Stearns in connection with Bear Stearns' engagement are intended solely for the benefit and use of the Company and its Board of Directors, and no such advice shall be used for any other purpose or be reproduced, disseminated, quoted from or referred to at any time, in any manner or for any purpose, nor shall any public references to Bear Stearns be made by the Company, without the prior written consent of Bear Stearns.
- E. Bear Stearns may, at its option and expense, include the Company's name and logo and a description of Bear Stearns' role in connection with the Transaction or any Financing in such newspapers, periodicals, annual reports and other public marketing materials as it may choose.
- F. Notwithstanding any agreement or representation, written or oral, by either the Company or Bear Stearns in connection with the Transaction or any Financing, the Company and its Representatives shall have no obligation to Bear Stearns to maintain the confidentiality of the tax treatment and tax structure of the Transaction or any Financing, or any materials of any kind (including opinions or other analyses) that are provided to the Company relating to such tax treatment and tax structure. As required by U.S. Treasury Regulations, we hereby inform you that (i) any discussion of federal tax issues contained or referred to in any materials prepared by Bear Stearns in connection with our engagement hereunder is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code and (ii) such discussion is written to support the promotion or marketing of the matters addressed therein. Bear Stearns does not provide tax, legal or accounting advice. The Company will consult its own tax, legal and accounting advisors in connection with any Transaction.
- G. To the extent that the bankruptcy court presiding over the Company's Chapter 11 cases does not have, or refuses to exercise jurisdiction, the Company irrevocably (a) submits to the jurisdiction of any court of the State of New York located in the Borough of Manhattan or the United States District Court for the Southern District of the State of New York for the purpose of any suit, action, or other proceeding arising out of this Agreement, or any of the agreements or transactions contemplated hereby (each, a "Proceeding"), (b) agrees that all claims in respect of any Proceeding may be heard and determined in any such court, (c) waives, to the fullest extent permitted by law, any immunity from jurisdiction of any such court or from any legal process therein, (d) agrees not to commence any Proceeding other than in such courts and (e) waives, to the fullest extent permitted by law, any claim that such Proceeding is brought in an inconvenient forum.
- H. It is understood and agreed that Bear Stearns will act under this Agreement as an independent contractor with obligations solely to the Company and is not being retained hereunder to advise the Company as to the underlying business decision to consummate any Transaction or with respect to any related financing, derivative or other transaction. Nothing in this Agreement or the nature of our services shall be deemed to create an agency relationship between Bear Stearns and the Company or its stockholders, employees, creditors, or other interested parties in the Company's Chapter 11 cases, in

connection with the Transaction, any Financing or otherwise. Other than as set forth in the Indemnification Provisions, nothing in this Agreement is intended to confer upon any other person (including stockholders, employees, creditors of the Company, or other interested parties in the Company's Chapter 11 cases) any rights or remedies hereunder or related hereto. The Company agrees that Bear Stearns shall not have any liability (including without limitation, liability for any losses, claims, damages, obligations, penalties, judgments, awards, liabilities, costs, expenses or disbursements) in contract, tort or otherwise to the Company, or to any person claiming through the Company, in connection with the engagement of Bear Stearns pursuant to this Agreement and the matters contemplated hereby, except where such liability is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from the gross negligence or willful misconduct of Bear Stearns. The Company further agrees that Bear Stearns shall have no responsibility for any act or omission by any of the Company's Representatives.

- I. This Agreement embodies the entire agreement and understanding of the Company and Bear Stearns with respect to the subject matter hereof. The provisions of this Agreement may not be modified, amended or supplemented except in writing executed by the Company and Bear Stearns.

INDEMNIFICATION PROVISIONS

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the letter agreement dated May 7, 2006 (as amended from time to time, the "Agreement") between Silicon Graphics, Inc. and Bear, Stearns & Co. Inc.

The Company agrees to indemnify and hold harmless Bear Stearns, to the fullest extent permitted by law, from and against any and all losses, claims, damages, obligations, penalties, judgments, awards, and other liabilities (collectively, "Liabilities"), and will fully reimburse Bear Stearns for any and all fees, costs, expenses and disbursements (collectively, "Expenses"), as and when incurred, of investigating, preparing or defending any claim, action, suit, proceeding or investigation, whether or not in connection with pending or threatened litigation or arbitration, and whether or not Bear Stearns is a party (collectively, "Actions") (including any and all legal and other Expenses in giving testimony or furnishing documents in response to a subpoena or otherwise), arising out of or in connection with advice or services rendered or to be rendered by Bear Stearns pursuant to the Agreement, the transactions contemplated thereby or Bear Stearns' actions or inactions in connection with any such advice, services or transactions; provided, however, such indemnity agreement shall not apply to any portion of any such Liability or Expense that is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from the gross negligence or willful misconduct of Bear Stearns.

These Indemnification Provisions shall be in addition to any liability which the Company may otherwise have, and shall extend to the following: The Bear Stearns Companies Inc., Bear, Stearns & Co. Inc., their respective affiliated entities, directors, officers, employees, legal counsel, agents and controlling persons (within the meaning of the federal securities laws). All references to Bear Stearns in these Indemnification Provisions shall be understood to include any and all of the foregoing.

If any Action is commenced as to which Bear Stearns proposes to demand indemnification hereunder, it shall notify the Company with reasonable promptness; provided, however, that any failure by Bear Stearns to notify the Company shall not relieve the Company from its obligations hereunder. Bear Stearns shall have the right to retain counsel of its own choice to represent it, and the Company shall pay the Expenses of such counsel; and such counsel shall, to the extent consistent with its professional responsibilities, cooperate with the Company and any counsel designated by the Company. The Company shall be liable for any settlement of any claim against Bear Stearns made with the Company's written consent, which consent shall not be unreasonably withheld. The Company shall not, without the prior written consent of Bear Stearns, settle or compromise any claim, or permit a default or consent to the entry of any judgment, in any Action in respect of which indemnification may be sought hereunder.

In order to provide for just and equitable contribution, if a claim for indemnification pursuant to these Indemnification Provisions is made but it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that such indemnification may not be enforced in such case, even though the express provisions hereof provide for indemnification in such case, then the Company, on the one hand, and Bear Stearns, on the other hand, shall contribute to the Liabilities and Expenses to which the indemnified persons may be subject in

accordance with the relative benefits received by the Company, on the one hand, and Bear Stearns, on the other hand, and also the relative fault of the Company, on the one hand, and Bear Stearns, on the other hand, in connection with the statements, acts or omissions which resulted in such Liabilities and Expenses. The Company agrees for purposes of this paragraph that the relative benefits to the Company and Bear Stearns of any contemplated Transaction (whether or not consummated) shall be deemed to be in the same proportion as the total value paid or issued or contemplated to be paid or issued to or by the Company or its stockholders in connection with such Transaction bears to the fees paid or payable to Bear Stearns under the Agreement. Notwithstanding the foregoing, Bear Stearns shall not be obligated to contribute any amount pursuant to this paragraph that exceeds the amount of fees previously received by Bear Stearns pursuant to the Agreement.

EXHIBIT B – RETENTION ORDER

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re :
 : Chapter 11 Case No.
 :
 SILICON GRAPHICS, INC., *et al.*, : 06- 10977 (BRL)
 :
 Debtors. : (Jointly Administered)
 :
-----X

**FINAL ORDER PURSUANT TO BANKRUPTCY RULE 2014(a) AND
SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY CODE AUTHORIZING
THE DEBTORS TO EMPLOY AND RETAIN BEAR STEARNS & CO. INC. AS
FINANCIAL ADVISOR, *NUNC PRO TUNC* TO THE COMMENCEMENT DATE**

Upon the application, dated May 8, 2006 (the "Application"), of Silicon Graphics, Inc. and certain of its direct and indirect subsidiaries in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors" and, together with their non-debtor subsidiaries, "SGI"), pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 2014(a) of the Federal Rule of Bankruptcy Procedure (the "Bankruptcy Rules"), for authorization to employ Bear Stearns & Co. Inc. ("Bear Stearns") as financial advisor for the Debtors pursuant to a certain engagement letter dated May 7, 2006 (the "Engagement Letter") attached to the Application as Exhibit A, all as more fully set forth in the Application; and effective as of the date of commencement of these cases (the "Commencement Date"); and upon the affidavit of Daniel A. Celentano, a Senior Managing Director of Bear Stearns, filed in support of the Application (the "Celentano Affidavit"); and a hearing to consider the Application on an interim basis having been held on May 31, 2006; and an order approving the Application on an interim basis having been entered on May 31, 2006 (the "Interim Order"); and a hearing to consider the Application on a final basis having been held on July 25, 2006 (the "Final Hearing"); and the Interim Order having granted the Application on a final basis with

respect to the Notice Parties (as defined below), and the statutory committee of unsecured creditors appointed in these chapter 11 cases (the “Creditors Committee”); and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided to (i) the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”), (ii) counsel to Wells Fargo Foothill, Inc., the Debtors’ prepetition secured lender, (iii) counsel to the *ad hoc* committee of the Debtors’ senior noteholders, (iv) counsel to U.S. Bank National Association, indenture trustee for the Debtors’ senior noteholders, (v) JPMorgan Chase Bank, indenture trustee for the Debtors’ subordinated noteholders, (vi) the creditors holding the five largest secured claims against the Debtors’ estates (on a consolidated basis), and (vii) the creditors holding the 30 largest unsecured claims against the Debtors’ estates (on a consolidated basis) (collectively, the “Notice Parties”); and due and proper notice of the Final Hearing having been provided in accordance with the Interim Order, and no other or further notice being required; and the Court being satisfied, based on the representations made in the Application, the Celentano Affidavit (as supplemented from time to time since the commencement of these cases), and/or on the record of the Final Hearing that Bear Stearns does not represent or hold any interest adverse to the Debtors or to their estates as to the matters upon which Bear Stearns has been and is to be employed, and that Bear Stearns is a “disinterested person” as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the

Bankruptcy Code, and as required under sections 327(a) and 328(a) of the Bankruptcy Code; and it appearing that no other or further notice need be provided; and the Court having determined that the relief requested in the Application is in the best interests of the Debtors, their estates and creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that, pursuant to section 328(a) of the Bankruptcy Code and Rules 2014 and 2016 of the Bankruptcy Rules, the Application is granted on a final basis and that Bear Stearns is hereby employed as the Debtors' financial advisor, effective permanently as of the Commencement Date, on the terms and conditions set forth the Engagement Letter; and it is further

ORDERED that Bear Stearns shall be compensated and reimbursed in accordance with the terms of the Engagement Letter, pursuant to the standard of review under section 328(a) of the Bankruptcy Code and not subject to review for reasonableness under section 330 of the Bankruptcy Code, except as provided for in the decretal paragraph below, and subject to the approval of this Court and the procedures set forth in the Application, the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of the United States Bankruptcy Court for the Southern District of New York (the "Local Rules") and any further orders of this Court; and it is further

ORDERED that, the U.S. Trustee retains all rights to object to Bear Stearns interim and final fee application (including expense reimbursement) on grounds including, without limitation, the reasonableness standard provided in section 330 of the Bankruptcy Code; and it is further

ORDERED that pursuant to paragraph 4(c) of the Engagement Letter, Bear Stearns shall receive a cash fee (the "Sale Fee") equal to 1.00% of the Aggregate Consideration (as defined in the Engagement Letter) involved in the Sale, *provided, however*, that such Sale Fees shall be payable *only* to the extent that aggregate Sale Fees exceed \$1,000,000.00; and it is further

ORDERED that paragraph 6 of the Engagement Letter is stricken in its entirety; and it is further

ORDERED that in the event Bear Stearns seeks reimbursement for attorney's fees from the Debtors pursuant to the Engagement Letter, the invoices and supporting time records from such attorneys shall be included in Bear Stearns' own applications (both interim and final) and such invoices and time records shall be subject to the U.S. Trustee's guidelines for compensation and reimbursement of expenses and the approval of the Court under the standards of sections 330 and 331 of the Bankruptcy Code, without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorney's services satisfy section 330(a)(3)(C) of the Bankruptcy Code, and notwithstanding anything contrary herein, or in the Engagement Letter or the Application, Bear Stearns shall not seek or obtain the payment of any attorneys' fees except upon application to the Court; and it is further

ORDERED that the Debtors are authorized to indemnify and hold harmless Bear Stearns and the other indemnified persons identified in the Engagement Letter (the "Indemnified Persons"), pursuant to the indemnification provisions of the Engagement Letter and, during the pendency of these bankruptcy proceedings, subject to the following conditions:

- (a) all requests of Indemnified Persons for payment of indemnity, contribution or otherwise pursuant to the indemnification provisions of the

Engagement Letter shall be made by means of an interim or final fee application and shall be subject to the approval of, and review by, the Court to ensure that such payment conforms with the terms of the Engagement Letter, the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the orders of this Court and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought; *provided, however*, that in no event shall an Indemnified Person be indemnified or receive contribution to the extent that any claim or expense has resulted from the bad-faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct on the part of such Indemnified Person; and

(b) in no event shall an Indemnified Person be indemnified or receive contribution or other payment under the indemnification provisions of the Engagement Letter if any of the Debtors, their estates, or any statutory committee appointed in these cases asserts a claim, to the extent that the Court determines by final order that such claim arose out of the gross negligence, or willful misconduct on the part of such Indemnified Person; and

(c) in the event an Indemnified Person seeks reimbursement for attorneys' fees from the Debtors pursuant to the Engagement Letter, the invoices and supporting time records from such attorneys shall be annexed to Bear Stearns' own interim and final fee applications, and such invoices and time records shall be subject to the U.S. Trustee's guidelines for compensation of expenses and the approval of the Bankruptcy Court under the standards of section 330 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code;

and it is further

ORDERED, notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, any orders of this Court or any guidelines regarding submission and approvals of fee applications, Bear Stearns and its professionals shall be permitted to record their time records as described in the Celentano Affidavit; and it is further

ORDERED that to the extent there may be any inconsistency among the terms of the Application, the Engagement Letter, or this Order, the terms of this Order shall govern; and it is further

ORDERED that notice of the Application as provided herein and therein shall be deemed good and sufficient notice; and it is further

ORDERED that this Court will retain jurisdiction to continue to enforce the terms of the Engagement Letter, and this Order.

Dated: July 27, 2006
New York, New York

/s/Burton R. Lifland
HONORABLE BURTON R. LIFLAND
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT C – SUMMARY OF HOURS EXPENDED

Bear Stearns Professionals and Aggregate Hours

<u>Professional</u>	<u>Hours</u>
Edward Rimland; Senior Managing Director	73
Andrew Samett; Senior Managing Director	384
Sumit Laddha; Vice President	198
Jeremiah Bates; Analyst	207
	<hr/> 862
Robert Harris; Vice Chairman, Telecom, Media & Technology Group	N/A ¹
Daniel Celentano; Senior Managing Director, Restructuring	N/A ¹
John Robinson; Managing Director, Legal	N/A ¹
James Wolfe; Senior Managing Director, Leveraged Finance	N/A ¹
Conor Horrigan; Associate, Strategic Finance	N/A ¹

¹ In the course of providing full service to restructuring clients, Bear Stearns' restructuring team will often seek the input from Bear Stearns professionals not involved with a restructuring engagement on a day-to-day basis. Time records for these professionals, which in the aggregate may represent significant hours, are not capturing by Bear Stearns' time reporting practices.

EXHIBIT D – SUMMARY OF EXPENSES INCURRED

Expense Summary

Expense Category

Airfare Travel	\$4,807.11
Employee Meals	1,677.85
Lodging	1,798.11
Miscellaneous	963.90
Non-airfare Travel	1,843.53
Presentation Center	2,960.37
Taxi	454.46
Information Services	124.71
<hr/>	
Total	\$14,630.04
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EXHIBIT E – TIME RECORDS

Time Records

Date	Banker	Hours	Comments
5/9/2006	Bates	4.0	Attend first day hearing
5/9/2006	Bates	1.0	Travel to/from first day hearing
5/9/2006	Bates	1.0	Valuation analysis
5/11/2006	Bates	3.0	Valuation analysis
5/12/2006	Bates	0.5	Meeting regarding valuation methodology
5/14/2006	Bates	8.0	Valuation / Liquidation analysis
5/15/2006	Bates	10.0	Valuation (WACC, Comps)
5/16/2006	Bates	1.0	Meeting re: valuation with Samett, Rimland, Laddha, Bates
5/16/2006	Bates	10.0	WACC, equity comps, precedent transactions
5/17/2006	Bates	1.0	Meeting re: valuation with Samett, Rimland, Laddha, Bates
5/17/2006	Bates	10.0	DCF, WACC, comps, precedent transactions
5/18/2006	Bates	0.5	Internal Meeting
5/18/2006	Bates	3.0	Meeting at Weil with Debtor re: valuation / liquidation
5/18/2006	Bates	7.0	Liquidation Analysis & Interco work
5/20/2006	Bates	10.0	Liquidation Analysis/Formatting
5/20/2006	Bates	1.0	Call with Samett re: liquidation analysis
5/21/2006	Bates	3.0	Modeling/Valuation
5/23/2006	Bates	2.0	Liquidation Analysis
5/24/2006	Bates	2.0	Recovery Assumptions
5/24/2006	Bates	2.0	Call with Lanterman et al re: liquidation analysis
5/25/2006	Bates	1.0	Fee work with Marvelyn
5/30/2006	Bates	5.0	Valuation Analysis
5/30/2006	Bates	1.0	Internal meeting to review valuation analyses
5/30/2006	Bates	1.0	Call with potential investor regarding plan alternatives
5/31/2006	Bates	2.0	Valuation Analysis
5/31/2006	Bates	3.0	Meeting to prep for creditors committee meeting
6/1/2006	Bates	4.0	Meeting with unsecured creditors committee
6/2/2006	Bates	2.0	Valuation/Valcom Work
6/4/2006	Bates	3.0	Trading Comps/Precedent Transaction Backup Work
6/5/2006	Bates	5.0	Valcom Work
6/5/2006	Bates	5.0	Valuation for Memo
6/6/2006	Bates	1.0	meeting on valuation analysis and status
6/6/2006	Bates	5.0	M&A Comps, Equity Comps
6/7/2006	Bates	5.0	M&A Comps, Valuation Analysis
6/8/2006	Bates	4.0	Buyers List
6/14/2006	Bates	2.0	ValCom Memo
6/16/2006	Bates	5.0	Warrants Valuation
6/21/2006	Bates	1.0	Valuation Meeting
6/21/2006	Bates	8.0	Valcom Assembly (Comps, Precedents, WACC, Memo, etc.)
6/22/2006	Bates	5.0	Valcom Prep
6/22/2006	Bates	1.0	Internal meeting on valuation
6/25/2006	Bates	4.0	Valcom Prep

Time Records

Date	Banker	Hours	Comments
6/28/2006	Bates	12.0	Valcom Prep
6/28/2006	Bates	1.0	Internal meeting Re: valuation
6/28/2006	Bates	1.0	Internal meeting Re: valuation
6/28/2006	Bates	12.0	Valcom Prep
6/28/2006	Bates	12.0	Valcom Prep
6/29/2006	Bates	1.0	Valuation committee meeting
7/11/2006	Bates	5.0	Processing and expense info
7/11/2006	Bates	10.0	Processing and expense info
5/12/2006	Laddha	0.5	Meeting regarding valuation methodology
5/15/2006	Laddha	7.0	DCF
5/15/2006	Laddha	7.0	Valuation analysis: DCF
5/16/2006	Laddha	1.0	Meeting re: valuation with Samett, Rimland, Laddha, Bates
5/16/2006	Laddha	7.0	DCF
5/17/2006	Laddha	1.0	Meeting re: valuation with Samett, Rimland, Laddha, Bates
5/17/2006	Laddha	7.0	Valuation, checking over work
5/18/2006	Laddha	0.5	Internal Meeting
5/18/2006	Laddha	3.0	Meeting at Weil with Debtor re: valuation / liquidation
5/18/2006	Laddha	3.0	Modeling-Interco & Valuation
5/22/2006	Laddha	4.0	Liquidation Analysis
5/22/2006	Laddha	1.0	Meetings/Discussions
5/23/2006	Laddha	4.0	Liquidation Analysis
5/23/2006	Laddha	0.5	Call with Samett re: liquidation analysis
5/24/2006	Laddha	3.0	Interco Analysis
5/24/2006	Laddha	2.0	Discussion with SGI on Liquidation Analysis/Interco.
5/24/2006	Laddha	0.5	Update call with Samett
5/24/2006	Laddha	2.0	Call with Lanterman et al re: liquidation analysis
5/25/2006	Laddha	2.0	Intercompany stuff-Phone Call with Steve
5/25/2006	Laddha	2.0	Letter for previously contacted buyers
5/25/2006	Laddha	1.0	Liquidation Analysis
5/30/2006	Laddha	5.0	Valuation Analysis
5/30/2006	Laddha	1.0	Internal meeting to review valuation analyses
5/30/2006	Laddha	1.0	Call with potential investor regarding plan alternatives
5/31/2006	Laddha	2.0	valuation Analysis
5/31/2006	Laddha	3.0	Meeting to prep for creditors committee meeting
6/2/2006	Laddha	1.0	Meeting with potential investor regarding plan alternatives
6/2/2006	Laddha	2.0	Valuation/Valcom Work
6/5/2006	Laddha	5.0	M&A Comps & Memo
6/6/2006	Laddha	1.0	meeting on valuation analysis and status
6/6/2006	Laddha	5.0	ValCom Memo
6/7/2006	Laddha	5.0	Valuation/Analysis for ValCom Memo
6/8/2006	Laddha	3.0	M&A Comps
6/9/2006	Laddha	1.5	ValCom Memo
6/9/2006	Laddha	0.5	Finance Department
6/12/2006	Laddha	2.0	NOL Valuation

Time Records

Date	Banker	Hours	Comments
6/14/2006	Laddha	2.0	ValCom Memo
6/16/2006	Laddha	5.0	Warrants Valuation
6/20/2006	Laddha	3.0	Valuation Work (DCF-new model)
6/21/2006	Laddha	1.0	Valuation Meeting
6/21/2006	Laddha	9.0	Valcom Valuation Work
6/22/2006	Laddha	7.0	Valcom Valuation Work (Memo, Checking JB's work)
6/22/2006	Laddha	1.0	Internal meeting on valuation
6/25/2006	Laddha	4.0	Valcom Valuation Work (Memo, Checking JB's work)
6/28/2006	Laddha	12.0	Valcom Valuation Work (Memo, Checking JB's work)
6/28/2006	Laddha	1.0	Internal meeting Re: valuation
6/28/2006	Laddha	1.0	Internal meeting Re: valuation
6/28/2006	Laddha	12.0	Valcom Valuation Work (Memo, Checking JB's work)
6/28/2006	Laddha	12.0	Valcom Valuation Work (Memo, Checking JB's work)
6/29/2006	Laddha	1.0	Valuation committee meeting
7/5/2006	Laddha	8.0	Valuation Follow Up
7/6/2006	Laddha	8.0	Valuation Follow Up
7/7/2006	Laddha	5.0	Valuation Follow Up
7/18/2006	Laddha	5.0	Valuation Follow Up
7/26/2006	Laddha	4.0	Valuation Follow Up
5/16/2006	Rimland	1.0	Meeting re: valuation with Samett, Rimland, Laddha, Bates
5/17/2006	Rimland	1.0	Meeting re: valuation with Samett, Rimland, Laddha, Bates
5/18/2006	Rimland	0.5	Internal Meeting
5/18/2006	Rimland	3.0	Meeting at Weil with Debtor re: valuation / liquidation
5/23/2006	Rimland	0.5	Update call with Samett
5/24/2006	Rimland	0.5	Update call with Samett
5/24/2006	Rimland	1.0	Update call with debtor
5/30/2006	Rimland	1.0	Internal meeting to review valuation analyses
5/30/2006	Rimland	1.0	Call with potential investor regarding plan alternatives
5/31/2006	Rimland	1.0	meeting to discuss valuation status and open issues
5/31/2006	Rimland	2.0	Attend hearing
6/1/2006	Rimland	4.0	Meeting with unsecured creditors committee
6/1/2006	Rimland	0.5	Meeting to prep for creditors committee meeting
6/2/2006	Rimland	1.0	Meeting with potential investor regarding plan alternatives
6/5/2006	Rimland	1.0	Status call with Client
6/6/2006	Rimland	1.0	meeting on valuation analysis and status
6/12/2006	Rimland	1.0	Status call with client & advisors
6/13/2006	Rimland	1.0	Internal call re: pending Rimland deposition
6/14/2006	Rimland	1.0	Status call with client & advisors
6/14/2006	Rimland	1.0	Preparation for Rimland deposition
6/15/2006	Rimland	6.0	Rimland Deposition
6/16/2006	Rimland	1.0	Status call with client & advisors
6/19/2006	Rimland	0.5	Team call
6/19/2006	Rimland	0.5	Valuation Discussion
6/19/2006	Rimland	0.5	Prepared for Weil testimony

Time Records

<u>Date</u>	<u>Banker</u>	<u>Hours</u>	<u>Comments</u>
6/20/2006	Rimland	0.5	Valuation Discussion
6/20/2006	Rimland	0.5	Discussion with HP
6/21/2006	Rimland	1.0	Valuation Meeting
6/21/2006	Rimland	0.5	AS and ER discussion on case status
6/22/2006	Rimland	1.0	Internal meeting on valuation
6/26/2006	Rimland	1.0	Update call with client
6/27/2006	Rimland	1.0	Update call with client
6/27/2006	Rimland	1.0	Call re IP valuation
6/28/2006	Rimland	1.0	Internal meeting Re: valuation
6/28/2006	Rimland	1.0	Internal meeting Re: valuation
6/28/2006	Rimland	1.0	Update call with client
6/28/2006	Rimland	1.0	Call re IP valuation
6/29/2006	Rimland	1.0	Valuation committee meeting
7/6/2006	Rimland	1.0	Call with Hanson and Auditors
7/12/2006	Rimland	1.0	Update call
7/26/2006	Rimland	1.0	Update call
7/27/2006	Rimland	2.0	Attend disclosure statement hearing
8/7/2006	Rimland	1.0	Internal Update meeting
8/7/2006	Rimland	1.0	Update call
8/10/2006	Rimland	1.0	Internal Update meeting
8/14/2006	Rimland	1.0	Internal Update meeting
8/14/2006	Rimland	1.0	Update call
8/21/2006	Rimland	1.0	Update call
8/28/2006	Rimland	1.0	Update call
9/11/2006	Rimland	1.0	Internal update meeting
9/11/2006	Rimland	1.0	Update call
9/11/2006	Rimland	2.0	Drafting / review of valuation affidavits
9/12/2006	Rimland	2.0	Drafting / review of valuation affidavits
9/13/2006	Rimland	2.0	Drafting / review of valuation affidavits
9/14/2006	Rimland	1.0	Internal update meeting
9/15/2006	Rimland	3.0	Prepare for confirmation hearing
9/18/2006	Rimland	3.0	Prepare for confirmation hearing
9/19/2006	Rimland	2.0	Attend Confirmation Hearing
5/8/2006	Samett	5.0	Preparation of Retention Application
5/8/2006	Samett	1.0	Call with bondholder
5/8/2006	Samett	2.0	Review of valuation materials
5/8/2006	Samett	2.0	Review of court filings
5/9/2006	Samett	4.0	Attend first day hearing
5/9/2006	Samett	1.0	Travel to /from first day hearing
5/9/2006	Samett	2.0	Calls with bondholders
5/9/2006	Samett	1.0	Call with HLHZ
5/10/2006	Samett	1.0	Calls with bondholders
5/10/2006	Samett	2.0	Review of valuation materials
5/10/2006	Samett	2.0	Review of court filings

Time Records

Date	Banker	Hours	Comments
5/11/2006	Samett	2.0	Meeting with advisors re: workplan
5/11/2006	Samett	2.0	Calls with bondholders
5/12/2006	Samett	0.5	Meeting regarding valuation methodology
5/12/2006	Samett	2.0	Review of liquidation analysis data
5/12/2006	Samett	2.0	Review competitive analysis
5/12/2006	Samett	2.0	Calls with bondholders
5/13/2006	Samett	1.0	Call re: DIP financing
5/15/2006	Samett	1.0	Update call
5/16/2006	Samett	1.0	Meeting re: valuation with Samett, Rimland, Laddha, Bates
5/17/2006	Samett	1.0	Update call
5/17/2006	Samett	1.0	Meeting re: valuation with Samett, Rimland, Laddha, Bates
5/18/2006	Samett	0.5	Internal Meeting
5/18/2006	Samett	6.0	Liquidation Analysis preparation
5/18/2006	Samett	3.0	Meeting at Weil with Debtor re: valuation / liquidation
5/19/2006	Samett	9.0	Liquidation Analysis preparation
5/19/2006	Samett	2.0	Calls with bondholders
5/20/2006	Samett	1.0	Update call with Debtors
5/20/2006	Samett	1.0	Call with Bates re: liquidation analysis
5/20/2006	Samett	1.0	Review of court filings, DIP objection
5/20/2006	Samett	3.0	Liquidation Analysis preparation
5/21/2006	Samett	1.0	Update call with Debtor and advisors
5/22/2006	Samett	1.0	Update call with Debtor and advisors
5/22/2006	Samett	3.0	Liquidation Analysis preparation
5/22/2006	Samett	1.0	Call with HLHZ
5/22/2006	Samett	1.0	M&A dialogue with Harris
5/22/2006	Samett	1.0	Call re: creditors' committee procedures
5/22/2006	Samett	1.0	Call with FTI re: diligence requests.
5/23/2006	Samett	0.5	Call with Beth Howe re: plan issues
5/23/2006	Samett	2.0	organizational meeting /call with Creditors committee advisors
5/23/2006	Samett	0.5	Call with Laddha re: liquidation analysis
5/23/2006	Samett	1.5	Review of retention issues
5/23/2006	Samett	0.5	Update call with Mesterharm
5/23/2006	Samett	0.5	Update call with Rimland
5/24/2006	Samett	0.5	Update call with Rimland
5/24/2006	Samett	0.5	Update call with Laddha
5/24/2006	Samett	1.0	Review of materials for creditors committee
5/24/2006	Samett	0.5	Update call with Harris
5/24/2006	Samett	1.0	Update call with debtor
5/24/2006	Samett	1.0	Call with potential investor
5/24/2006	Samett	0.5	Call with Fragen
5/24/2006	Samett	0.5	Call with FTI re M&A process
5/24/2006	Samett	2.0	Call with Lanterman et al re: liquidation analysis
5/24/2006	Samett	1.5	Update liquidation analysis
5/24/2006	Samett	0.5	Call with T Hanson re: taxes

Time Records

Date	Banker	Hours	Comments
5/24/2006	Samett	0.5	review of retention issues
5/24/2006	Samett	0.5	Call with Latham re: engagement terms
5/25/2006	Samett	0.5	Call with Latham re: engagement terms
5/26/2006	Samett	6.5	Liquidation Analysis review and preparation
5/27/2006	Samett	2.0	Review of valuation analyses
5/30/2006	Samett	1.0	Internal meeting to review valuation analyses
5/30/2006	Samett	1.0	Call with potential investor regarding plan alternatives
5/30/2006	Samett	4.0	Review status and update liquidation analysis
5/31/2006	Samett	3.0	Meeting to prep for creditors committee meeting
5/31/2006	Samett	1.0	meeting to discuss valuation status and open issues
5/31/2006	Samett	2.0	Attend hearing
5/31/2006	Samett	1.0	Meeting with Star from FTI
6/1/2006	Samett	4.0	Meeting with unsecured creditors committee
6/1/2006	Samett	2.5	Meeting to prep for creditors committee meeting
6/2/2006	Samett	1.0	Meeting with potential investor regarding plan alternatives
6/2/2006	Samett	1.5	Meeting with Mesterharm re plan issues
6/5/2006	Samett	1.0	Call with HLHZ re: M&A process
6/5/2006	Samett	1.0	Call with J Grieb re liquidation analysis
6/5/2006	Samett	2.0	Review status and update liquidation analysis
6/5/2006	Samett	1.0	Status call with Client
6/6/2006	Samett	1.0	meeting on valuation analysis and status
6/6/2006	Samett	0.5	Call with potential investor
6/6/2006	Samett	0.5	Call with potential investor
6/6/2006	Samett	4.0	Review status and update liquidation analysis
6/7/2006	Samett	1.0	Strategy Call with advisors
6/7/2006	Samett	1.0	Update call with management
6/7/2006	Samett	1.0	Call with Investor
6/7/2006	Samett	1.0	Call with counsel and Compliance re: affidavit
6/8/2006	Samett	2.0	Meeting with Alixpartners re: liquidation analysis
6/8/2006	Samett	1.0	Call with AlixP and Weil re: liquidation analysis
6/8/2006	Samett	2.0	Update and review of liquidation analysis
6/8/2006	Samett	2.0	Prepare and send correspondence to group of investors
6/9/2006	Samett	1.0	Prepare and send correspondence to group of investors
6/9/2006	Samett	2.0	Meeting with potential strategic investor re: situation update
6/9/2006	Samett	3.0	Update and review of liquidation analysis
6/9/2006	Samett	2.0	Review of updated valuation analyses
6/12/2006	Samett	0.5	Call with Weil & Alix re foreign liquidation analysis issues
6/12/2006	Samett	1.0	Review of foreign jurisdiction analysis
6/12/2006	Samett	1.0	Status call with client & advisors
6/12/2006	Samett	2.0	Update and review of liquidation analysis
6/12/2006	Samett	1.0	Internal call re: pending Rimland deposition
6/13/2006	Samett	1.0	Call with AlixP re: liquidation analysis
6/13/2006	Samett	1.0	Status call with client & advisors
6/13/2006	Samett	0.5	Call with Weil & Alix re foreign liquidation analysis issues

Time Records

Date	Banker	Hours	Comments
6/13/2006	Samett	1.0	Review of foreign jurisdiction analysis
6/13/2006	Samett	1.0	Internal call re: pending Rimland deposition
6/14/2006	Samett	1.0	Status call with client & advisors
6/14/2006	Samett	1.0	Call with T. Hanson re: balance sheet
6/14/2006	Samett	1.0	Status call with client & advisors
6/14/2006	Samett	2.0	Update and review of liquidation analysis
6/14/2006	Samett	2.0	Review of foreign jurisdiction analysis
6/14/2006	Samett	2.0	Review of foreign jurisdiction analysis
6/14/2006	Samett	8.0	Preparation for meeting with UCC and Ad Hoc Advisors
6/14/2006	Samett	1.0	Preparation for Rimland deposition
6/15/2006	Samett	11.0	settlement discussions with UCC and Ad Hoc Advisors
6/15/2006	Samett	2.0	Update and review of liquidation analysis
6/15/2006	Samett	1.0	Status call with client & advisors
6/15/2006	Samett	1.0	Review and analysis of possible option structures
6/16/2006	Samett	1.0	Status call with client & advisors
6/19/2006	Samett	2.0	Calls with Cray noteholder representatives
6/19/2006	Samett	2.0	Review alternative settlement structures and warrant Valuation
6/19/2006	Samett	1.0	Status call with client & advisors
6/19/2006	Samett	2.0	Review of court filings related to pending DIP hearing
6/20/2006	Samett	1.0	Status call with client & advisors
6/20/2006	Samett	11.0	Settlement discussions with UCC and Cray representatives
6/21/2006	Samett	0.5	AS and ER discussion on case status
6/22/2006	Samett	1.0	Internal meeting on valuation
6/22/2006	Samett	2.0	Attend hearing
6/22/2006	Samett	1.0	Call with Alix and T Hanson re: claims analysis
6/22/2006	Samett	1.0	Review of valuation analyses
6/22/2006	Samett	1.0	review of settlement draft documents
6/22/2006	Samett	3.0	Update and review of liquidation analysis
6/23/2006	Samett	3.0	Update and review of liquidation analysis
6/23/2006	Samett	1.0	Review of valuation analyses
6/23/2006	Samett	1.0	review of settlement draft documents
6/26/2006	Samett	3.0	Review valuation analysis
6/26/2006	Samett	2.0	Review and prepare materials for valuation committee
6/26/2006	Samett	1.0	Update call with client
6/26/2006	Samett	1.0	Call re disclosure statement and plan
6/26/2006	Samett	2.0	Review of plan and disclosure statement
6/26/2006	Samett	2.0	Review and update of liquidation analysis
6/27/2006	Samett	3.0	Review valuation analysis
6/27/2006	Samett	2.0	Review and prepare materials for valuation committee
6/27/2006	Samett	1.0	Update call with client
6/27/2006	Samett	1.0	Call re IP valuation
6/27/2006	Samett	2.0	Review of plan and disclosure statement
6/27/2006	Samett	2.0	Review and update of liquidation analysis
6/28/2006	Samett	1.0	Internal meeting Re: valuation

Time Records

Date	Banker	Hours	Comments
6/28/2006	Samett	1.0	Internal meeting Re: valuation
6/28/2006	Samett	3.0	Review valuation analysis
6/28/2006	Samett	2.0	Review and prepare materials for valuation committee
6/28/2006	Samett	1.0	Update call with client
6/28/2006	Samett	1.0	Call re IP valuation
6/28/2006	Samett	1.0	Call with Hanson re: Japan valuation issues
6/28/2006	Samett	1.0	Call re disclosure statement and plan
6/28/2006	Samett	2.0	Review of plan and disclosure statement
6/28/2006	Samett	1.0	Review and update of liquidation analysis
6/29/2006	Samett	1.0	Call re IP valuation
6/29/2006	Samett	2.0	Review valuation analysis
6/29/2006	Samett	1.0	Valuation committee meeting
6/29/2006	Samett	2.0	Review and update of liquidation analysis
6/29/2006	Samett	2.0	Call re: filing documents
6/29/2006	Samett	3.0	Review of plan and disclosure statement
6/30/2006	Samett	2.0	Review of plan and disclosure statement
6/30/2006	Samett	2.0	Review and update of liquidation analysis
6/30/2006	Samett	1.0	Update call with client
7/5/2006	Samett	2.0	Calls with Noteholders
7/6/2006	Samett	1.0	Call with Hanson and Auditors
7/7/2006	Samett	2.0	Calls with Noteholders
7/10/2006	Samett	2.0	Calls with Noteholders
7/10/2006	Samett	1.0	Call with FTI re Liquidation analysis
7/11/2006	Samett	1.0	Call with potential investor
7/11/2006	Samett	2.0	Review of draft RFP and term sheet
7/11/2006	Samett	2.0	Calls with Noteholders
7/11/2006	Samett	1.0	Review of plan and DS
7/12/2006	Samett	1.0	Update call
7/12/2006	Samett	2.0	Calls with Noteholders
7/12/2006	Samett	1.0	Call with potential investor
7/12/2006	Samett	1.0	Call regarding Financing RFP
7/18/2006	Samett	1.0	Call regarding post emergence stock trading
7/19/2006	Samett	1.0	Update call
7/19/2006	Samett	2.0	Calls with Noteholders
7/20/2006	Samett	1.0	Calls with Noteholders
7/20/2006	Samett	2.0	Review of comparable exit loan facilities.
7/21/2006	Samett	1.0	Calls with Noteholders
7/21/2006	Samett	2.0	Review and response to disclosure statement comments
7/24/2006	Samett	2.0	Call to review draft plan and DS
7/24/2006	Samett	2.0	review of draft court filings
7/24/2006	Samett	1.0	Call re objections to DS
7/25/2006	Samett	2.0	Call to review draft plan and DS
7/25/2006	Samett	2.0	Review of objections to disclosure statement
7/25/2006	Samett	1.0	Calls with Noteholders

Time Records

Date	Banker	Hours	Comments
7/25/2006	Samett	2.0	Review and adjustment of valuation related DS disclosure
7/26/2006	Samett	1.0	Update call
7/26/2006	Samett	1.0	Call re: IP valuation
7/26/2006	Samett	1.0	Call re exit financing
7/26/2006	Samett	2.0	Calls with Noteholders
7/26/2006	Samett	2.0	review of draft court filings
7/26/2006	Samett	1.0	Call re: rights backstop
7/27/2006	Samett	2.0	Attend disclosure statement hearing
7/31/2006	Samett	1.0	Review Exit financing proposals
8/1/2006	Samett	1.0	Review Exit financing proposals
8/1/2006	Samett	1.0	Call to review Exit financing proposals
8/2/2006	Samett	1.0	Calls with Noteholders
8/3/2006	Samett	1.0	Calls with Noteholders
8/7/2006	Samett	1.0	Call to review Exit financing proposals
8/7/2006	Samett	1.0	Internal Update meeting
8/7/2006	Samett	1.0	Update call
8/7/2006	Samett	1.0	Calls with Noteholders
8/7/2006	Samett	2.0	Review Exit financing proposals
8/8/2006	Samett	2.0	Review Exit financing proposals
8/8/2006	Samett	1.0	Calls with Noteholders
8/10/2006	Samett	1.0	Internal Update meeting
8/14/2006	Samett	1.0	Internal Update meeting
8/14/2006	Samett	1.0	Update call
8/14/2006	Samett	1.0	Calls with Noteholders
8/16/2006	Samett	2.0	Calls with Noteholders
8/17/2006	Samett	1.0	Calls with Noteholders
8/18/2006	Samett	1.0	Calls with Noteholders
8/30/2006	Samett	1.0	Call regarding distribution and trading of new securities
8/30/2006	Samett	1.0	Calls with Noteholders
8/31/2006	Samett	1.0	Calls with Noteholders
9/5/2006	Samett	1.0	Calls with Noteholders
9/5/2006	Samett	1.0	Call regarding distribution and trading of new securities
9/5/2006	Samett	2.0	Meetings to discuss post emergence stock trading.
9/6/2006	Samett	1.0	Calls with Noteholders
9/7/2006	Samett	2.0	Meetings to discuss post emergence stock trading.
9/7/2006	Samett	1.0	Calls with Noteholders
9/8/2006	Samett	1.0	Calls with Noteholders
9/11/2006	Samett	1.0	Internal update meeting
9/11/2006	Samett	1.0	Update call
9/11/2006	Samett	1.0	Calls with Noteholders
9/11/2006	Samett	2.0	Drafting / review of valuation affidavits
9/12/2006	Samett	2.0	Drafting / review of valuation affidavits
9/13/2006	Samett	1.0	Calls with Noteholders
9/13/2006	Samett	2.0	Drafting / review of valuation affidavits

Time Records

Date	Banker	Hours	Comments
9/14/2006	Samett	1.0	Internal update meeting
9/15/2006	Samett	3.0	Prepare for confirmation hearing
9/18/2006	Samett	3.0	Prepare for confirmation hearing
9/19/2006	Samett	2.0	Attend Confirmation Hearing

EXHIBIT F – FINAL INVOICE



Bear, Stearns & Co. Inc.
383 Madison Avenue
New York, New York 10179
Tel 212-272-2000
www.bearstearns.com

INVOICE # 12444

January 3, 2007

Silicon Graphics, Inc.
1140 E. Arques Ave.
Sunnyvale, CA 94085

ATTN: Barry Weinert
Esq., General Counsel

For PROFESSIONAL SERVICES rendered and OUT OF POCKET expenses incurred in connection with our Investment Banking Assignment described in our engagement letter dated May 7, 2006, as amended.

Transaction Fee	\$ 1,500,000.00
Monthly Fee, August 2006	100,000.00
Monthly Fee, September 2006	<u>100,000.00</u>
TOTAL	\$ 1,700,000.00
Less: 50% Monthly Fee, March – September 2006	<u>(350,000.00)</u>
Net Fee	\$ 1,350,000.00
Out of Pocket Expenses	1,974.04
TOTAL DUE UPON RECEIPT	<u>\$ 1,351,974.04</u>

Please make check payable to Bear, Stearns & Co. Inc.
Remit directly to One Metrotech Center North-Cashiers Dept.-4th floor
Brooklyn, NY 11201
Attention: George Raab/Karen Locus

OR

Please wire funds to:

Bank: Citibank
One Wall Street
New York, New York 10043
Bear, Stearns Securities Corp.
A/C Name: 3059-9384
A/C#: 004-73780-13
Reference: 021 00008-9
ABA#: 12444/SGI-004/Raab
**Reference:
**Please quote these references on the check / wire transfer

SGI-004
1/3/2007