

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
In re: : Chapter 11
: :
Silicon Graphics, Inc, *et al.*, : Case No. 06-10977 (BRL)
: :
: (Jointly Administered)
Debtor. :
----- X

FIRST AND FINAL FEE APPLICATION COVER SHEET
OF ERNST & YOUNG LLP AS PROVIDER OF ACCOUNTING SERVICES TO
SILICON GRAPHICS, INC. AND ALL ITS DEBTOR AFFILIATES

Name of Applicant: Ernst & Young LLP
Role in Case: Provider of accounting services to Silicon Graphics, Inc.
and all its debtor affiliates
Date of Retention: September 6, 2006 (*nunc pro tunc* to July 3, 2006)
Period Covered: July 3, 2006 through September 18, 2006
Current Application
Fees Requested: \$32,327.95
Expenses Requested: N/A
Total Fees and Expenses Requested: \$32,327.95
Blended Hourly Rate: \$666.56
(excluding paraprofessionals)
This is a(n): ___ interim X final application.

SECTION I: FEE SUMMARY

	<u>To Date</u>	<u>Current Period</u>
Total Fees Requested:	\$0.00	\$32,327.95
Total Disbursements Requested:	\$0.00	\$0.00
Total Fees Previously Allowed:	\$0.00	\$0.00
Total Disbursements Previously Allowed:	\$0.00	\$0.00
Total Previously Received by Applicant:	\$0.00	\$0.00

SECTION II: PROFESSIONAL SUMMARY

<u>Partner</u>	<u>Hourly Rate</u>	<u>Hours Billed</u>	<u>Final Totals</u>
Michael Turner	\$759.00	9.00	\$ 6,831.00
Rhonda Munnerlyn	\$731.50	15.50	\$ 11,338.25
		24.50	\$ 18,169.25
<u>Senior Manager/Manager</u>			
Rob Birch	\$582.79	18.50	\$ 10,781.70
Mark Ho	\$614.00	5.50	\$ 3,377.00
		24.00	\$ 14,158.70
TOTAL HOURS AND FEES		48.50	\$ 32,327.95

SECTION III: COMPENSATION BY PROJECT CATEGORY

	<u>Hours Billed</u>	<u>Blended Hourly Rate</u>	<u>Final Totals</u>
KPMG File Review	21.00	\$ 722.33	\$ 15,169.00
Form 10-K Consent Procedures	11.50	\$ 627.39	\$ 7,214.95
Independence Inquiries	16.00	\$ 621.50	\$ 9,944.00
TOTAL HOURS AND FEES	48.50	\$ 666.56	\$ 32,327.95

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

----- X
In re: : **Chapter 11**
:
Silicon Graphics, Inc, et al., : **Case No. 06-10977 (BRL)**
:
: **(Jointly Administered)**
Debtor. :
----- X

**FIRST AND FINAL APPLICATION OF ERNST & YOUNG LLP
FOR ALLOWANCE AND PAYMENT OF COMPENSATION AS PROVIDER OF
ACCOUNTING SERVICES TO SILICON GRAPHICS, INC.**

Pursuant to sections 330 and 503(b)(1)(A) of chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”) and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “UST Guidelines” collectively with the Local Guidelines, the “Guidelines”), Ernst & Young LLP (“E&Y”), as provider of accounting services to Silicon Graphics, Inc. and all its debtor affiliates (collectively, “the Debtors”), respectfully submits this first and final application (the “Application”) for allowance of compensation totaling \$32,327.95, incurred during the period from July 3, 2006 through September 18, 2006 (the “Compensation Period”).

In support of this Application, E&Y respectfully represents as follows:

Background

1. On May 8, 2006 (the "Petition Date"), the Debtors filed voluntary petitions for business reorganization under chapter 11 of the Bankruptcy Code. On September 19, 2006, this Court entered the Confirmation Order.

2. On August 11, 2006, the Debtors filed that certain Application to Retain, Employ and Compensate E&Y as provider of accounting services to the Debtors (the "Retention Application"). On September 6, 2006, this Court entered an order approving the retention of E&Y, *nunc pro tunc* to July 3, 2006 (the "Retention Order").

3. By this Application, E&Y seeks final allowance of compensation incurred during the Compensation Period.

4. The supervisory responsibility for E&Y's efforts has been undertaken by Rhonda Munnerlyn, a partner in E&Y's Palo Alto office.

Summary of Services Performed During the Compensation Period

5. As is reflected in the attached First and Final Fee and Expense Application Cover Sheet (the "Cover Sheet"), E&Y has rendered 48.50 hours of accounting services to the Debtors from July 3, 2006 through September 18, 2006. Based upon the nature of the services rendered, the time required to provide such services, the value of such services to the Debtors, and the cost of comparable services outside a case under the Bankruptcy Code, E&Y believes that the compensation for services rendered to the Debtors, should be not less than \$32,327.95. This total represents 48.50 hours of E&Y professional time, at a blended average hourly rate of \$666.56. The hourly rate for each professional who performed services for the Debtors is set forth in the Cover Sheet.

6. In accordance with the Local Guidelines, a detailed chronological narrative (the “Billing Detail”) of the time spent (divided among three (3) billing categories, the dates and descriptions of the services rendered, and the identity of the professionals who provided services to the Debtors from July 3, 2006 through September 18, 2006, is attached hereto as Exhibit “A,” and incorporated herein by reference. Section III of the Cover Sheet, contains a summary of the services provided by project category.

7. E&Y respectfully supplements the attached Billing Detail with the following narrative summary of services rendered by E&Y, organized by category¹.

a) **KPMG File Review.** E&Y rendered a total of 21.00 hours and \$15,169.00 in accounting services in the category “KPMG File Review.” This project contains E&Y’s services rendered in connection with the preparation and review of prior year audit files for the Debtor’s successor auditor, KPMG, to review, and meeting with members of the KPMG to discuss the accounting methodologies applied in prior years. In addition various members of the E&Y team participated in telephone conference calls regarding the preparation and review of prior year audit files.

b) **Form 10-K Consent Procedures.** E&Y rendered a total of 11.50 hours and \$7,214.95 in services in the category “Form 10-K Consent Procedures.” This project contains E&Y’s services rendered in connection with the review of Silicon Graphics, Inc.’s Form 10-K, meetings with Silicon Graphics, Inc.’s management to discuss the content of the Form 10-K,

¹ In addition to the services described herein and in the attached Billing Detail, E&Y rendered extensive additional services in excess of 300 hours during the Compensation Period. In accordance with the maximum fee requirements included in the Retention Order, E&Y has not included such additional services in this Application. Should any objection be raised with respect to this Application, E&Y reserves the right to supplement this Application with additional billing detail to support the total fees requested herein.

completion of required procedures prior to the issuance of E&Ys consent to include their audit report in the Form 10-K for the year ended June 30, 2006.

c) Connections Inquiries. E&Y rendered a total of 16.00 hours and \$9,944.00 in services in the category “Connections Inquiries” This project contains E&Y’s services rendered in connection with reviewing E&Y’s connections with parties-in-interest in these cases. The details of this inquiry were incorporated into E&Y’s disclosures to this Court in conjunction with E&Ys retention in these cases.

Certification

14. As required by the Guidelines, a certification that the facts set forth in this Application are true and correct, and that this Application complies with the Guidelines, is attached hereto as Exhibit “B.”

E&Y is a Disinterested Person and Holds No Adverse Interest


15. All professional services and expenses for which allowance is requested in this Application were performed by E&Y on behalf of the Debtors and not on behalf of any other entity or person. Other than its claim for the compensation requested herein, E&Y has neither a claim against, nor an interest in, the Debtors, and no beneficial interest in the Debtors, directly or indirectly, has been acquired or transferred by E&Y or for E&Ys benefit since the commencement of this case. To the best of E&Y’s knowledge, information and belief, E&Y represents no interest materially adverse to the Debtors, and E&Y is a “disinterested person” under section 101(14) of the Bankruptcy Code.

16. No agreement or understanding exists between E&Y and any other person or entity for the sharing of compensation received or to be received for services rendered in

connection with these proceedings, except that fees will be shared with other partners of E&Y as permitted by Bankruptcy Rule 2016 and Section 504 of the Bankruptcy Code.

WHEREFORE, E&Y respectfully requests that this Court enter an order: (i) allowing compensation in the sum of \$32,327.95 for actual, reasonable and necessary professional services rendered on behalf of the Debtors during the Compensation Period; and (ii) direct the Debtors to pay to E&Y, within ten (10) days of entry of an order approving this Application, the full amount of E&Y's requested fees.

Dated: Palo Alto, California
January 10, 2007


Ernst & Young LLP

By: Rhonda Munnerlyn
1001 Page Mill Road
Building 1, Suite 200
Palo Alto, CA 94304
Telephone: (650) 496 4649
Facsimile: (866) 208 8810
Email: Rhonda.munnerlyn@ey.com
Provider of accounting services to the
Debtors

EXHIBIT A

Exhibit A - Summary of certain services rendered by Ernst & Young to Silicon Graphics, Inc. and its debtor affiliates ¹

<i>Date Incurred</i>	<i>Hours Incurred</i>	<i>Professional Service Provider</i>	<i>Description of Services Rendered</i>
<u>KPMG FILE REVIEW</u>			
10-Jul-2006	4.50	Rhonda Munnerlyn	Preparation meetings and calls related to KPMG review and consent procedures, including call with Kathy Lanterman (CFO).
14-Jul-2006	2.00	Rhonda Munnerlyn	Preparation calls with KPMG partners, coordination of timing and workpaper review, and e-mails associated with logistics.
18-Jul-2006	2.50	Rhonda Munnerlyn	Preparation for file review by KPMG and of consent letters for signature.
24-Jul-2006	1.00	Rob Birch	Preparation for KPMG review of working papers.
24-Jul-2006	2.50	Rhonda Munnerlyn	Kick-off meeting with KPMG reviewers and follow up on KPMG questions
25-Jul-2006	1.50	Rob Birch	KPMG Revenue meeting and answering of other ad hoc questions.
25-Jul-2006	2.00	Rhonda Munnerlyn	KPMG Revenue meeting.
25-Jul-2006	3.00	Michael Turner	KPMG workpaper review and meetings.
26-Jul-2006	2.00	Rhonda Munnerlyn	Closing out questions for KPMG review of workpapers
	<u>21.00</u>		

<u>FORM 10-K CONSENT PROCEDURES</u>			
31-Aug-2006	0.50	Mark Ho	Email to Tracy for 10K timeline; preparation of reacceptance memo
06-Sep-2006	1.00	Mark Ho	Email to Tracy for 10-K timeline, final changes to re-acceptance memo
07-Sep-2006	1.00	Michael Turner	10-K consent procedures.
07-Sep-2006	4.00	Mark Ho	Discussion with Mike Turner, prep of consent, rep letters etc. for consent procedures, responding to Browne, call with Tracy.
08-Sep-2006	1.50	Michael Turner	Meeting to discuss 10-K consent.
11-Sep-2006	1.50	Michael Turner	Review of re-acceptance memos.
12-Sep-2006	2.00	Michael Turner	Review of re-acceptance memos and consent procedures.
	<u>11.50</u>		

<u>CONNECTIONS INQUIRIES</u>			
31-Jul-2006	6.00	Rob Birch	Review of, and follow-up on, parties-in-interest connections confirmations.
01-Aug-2006	1.00	Rob Birch	Review of, and follow-up on, parties-in-interest connections confirmations.
03-Aug-2006	2.00	Rob Birch	Review of, and follow-up on, parties-in-interest connections confirmations.
14-Aug-2006	4.00	Rob Birch	Review of, and follow-up on, parties-in-interest connections confirmations.
12-Sep-2006	3.00	Rob Birch	Review of, and follow-up on, parties-in-interest connections confirmations.
	<u>16.00</u>		

TOTAL HOURS 48.50

¹ As set forth in the annexed Application, in addition to the services described herein and in the attached Billing Detail, E&Y rendered extensive additional services in excess of 300 hours during the Compensation Period. In accordance with the maximum fee requirements included in the Retention Order, E&Y has not included such additional services in this Application. Should any objection be raised with respect to this Application, E&Y reserves the right to supplement this Application with additional billing detail to support the total fees requested herein.

EXHIBIT B

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

----- X
In re: : **Chapter 11**
:
Silicon Graphics, Inc, et al., : **Case No. 06-10977 (BRL)**
:
: **(Jointly Administered)**
:
Debtor. :
----- X

**CERTIFICATION WITH RESPECT TO FIRST AND FINAL
APPLICATION OF ERNST & YOUNG LLP FOR
ALLOWANCE AND PAYMENT OF COMPENSATION AS PROVIDER OF
ACCOUNTING SERVICES TO SILICON GRAPHICS, INC. AND ALL ITS DEBTOR
AFFILIATES**

Rhonda Munnerlyn, a partner at Ernst & Young LLP (“E&Y”)¹, in compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”) and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “UST Guidelines,” and collectively with the Local Guidelines, the “Guidelines”), hereby certifies as follows:

1. I have reviewed the First and Final Application of Ernst & Young LLP for Allowance and Payment of Compensation and Reimbursement as provider of accounting services to the Debtors dated January 10, 2007 (the “Application”), for the period commencing July 3, 2006 through September 18, 2006 which seeks approval of certain fees for services rendered to Silicon Graphics, Inc. in connection with the above captioned Chapter 11 case.

¹ Capitalized terms used but not otherwise defined herein shall have the meaning assigned to them in the Application.

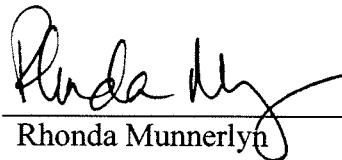
As required by Section B. 1 of the Local Guidelines, I certify that:

- (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 fall within the Local Guidelines;
- (c) the fees and disbursements sought are charged in accordance with practices customarily employed by E&Y and generally accepted by E&Y's clients; and
- (d) in providing a reimbursable service, E&Y does not make a profit on that service, whether the service is performed by E&Y in-house or through a third party.

2. As required by Section B.3 of the Local Guidelines, I certify that the Counsel for the Debtors, the Office of the United States Trustee, and the Official Committee of Unsecured Creditors, are each being provided with a copy of this Application at least ten (10) days in advance of the hearing to consider this Application.

I certify the foregoing to be true and correct.

Dated: January 10, 2007
Palo Alto, California


Rhonda Munnerlyn

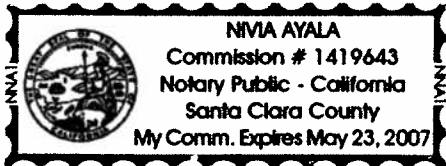
JURAT WITH AFFIANT STATEMENT

State of California
 County of Santa Clara } ss.

- See Attached Document (Notary to cross out lines 1-8 below)
- See Statement Below (Lines 1-7 to be completed only by document signer[s], *not* Notary)

1 _____
 2 _____
 3 _____
 4 _____
 5 _____
 6 _____
 7 _____
 8 Rhonda M
 Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)
 Subscribed and sworn to (or affirmed) before
 me this 10th day of January,
Date Month
2007, by
Year
 (1) Rhonda Munnerlyn
Name of Signer(s)
 (2) _____
Name of Signer(s)



Place Notary Seal Above

Nivia Ayala
 Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Further Description of Any Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here