

Katari Kevin D  
 Form 4  
 December 10, 2007

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Katari Kevin D

(Last) (First) (Middle)

C/O WATERSHED ASSET MANAGEMENT, L.L.C., ONE MARITIME PLAZA, SUITE 1525

(Street)

SAN FRANCISCO, CA 94111

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 SILICON GRAPHICS INC [SGIC]

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 12/06/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price			
Common Stock (Restricted Stock Unit) <u>(1)</u>	12/06/2007		A	V	1,429 <u>(2)</u>	A \$ 0 1,429	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
Stock Option (Right to Buy)	\$ 17.99 <sup>(3)</sup>	12/06/2007		A	3,571	12/06/2008 <sup>(4)</sup> 12/05/2012	Common Stock par value \$0.01 per share 3,571

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Katari Kevin D C/O WATERSHED ASSET MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1525 SAN FRANCISCO, CA 94111	X			

## Signatures

/s/ Kevin D. 12/07/2007  
Katari

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This represents an award of restricted stock units. Each unit will entitle the Reporting Person to one share of the Issuer's Common Stock upon vesting.
- (2) 100% of the RSUs vest on the first anniversary of the grant date.
- (3) Fair Market Value equals the average of the high and low prices of the Common Stock on the date of grants.
- (4) 100% of the option vests on the first anniversary of the grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.