

STOCK TRADERS PRESS

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Long-Term Report **October 24, 2002**

Update - Strong Buy
Silicon Graphics Inc. (NYSE) SGI \$0.76

Company Data

52-Week Range	\$0.56-\$4.85
Market Cap	\$153.9M
Shares Outstanding	199.8M
Book Value	-\$0.46
Price/Book	N/A
Average Daily Vol.	1.26M
Dividend/Yield	None
Target Price	\$3.00
Target Percentage	294%



On October 22nd, Silicon Graphics reported its first fiscal quarter (ending September 30th) results which showed a net operating loss of \$.17 per share. While the operating loss reported was a little worse than expected, the gross revenue of \$240 million, reported was disappointing. For the quarter we had been anticipating revenues of \$250-\$255 million and this shortfall has resulted in the slightly worse earnings report.

The major culprit responsible for the shortfall in quarterly revenues reported was the slowdown in spending in commercial IT spending. **Government sales remained strong during the quarter.** As a result of a disappointing revenue report, the stock declined sharply (down \$.40 per share) and was exacerbated by a declining stock market.

Looking out over the next 2-3 quarters the outlook for the company is positive. This positive outlook is primarily predicated upon the continued heavy spending by the military and the Homeland Security Agency for simulation and visual area networking equipment. Additionally, we believe that commercial IT spending will increase gradually over the next 9-12 months, which will benefit Silicon Graphics.

Over the past couple of weeks, the stock has traded in a range of \$.59 to \$1.24 per share. **We believe that Silicon Graphics is an attractive purchase for aggressive investors at its current level of \$.75 per share**

QUOTE: "Keep your feet on the ground and keep reaching for the stars." - Casey Kasem

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Update – Strong Buy Thermo Electron Corp (NYSE) TMO \$18.13

Company Data

52-Week Range	\$14-\$25
Market Cap	\$3.08B
Shares Outstanding	166.5M
Book Value	\$11.95
Price/Book	1.55
Average Daily Vol.	777,000
Dividend/Yield	None
Target Price	\$25.00
Target Percentage	37.9%



Thermo Electron Corp. develops and manufactures a broad range of highly technical instruments, systems and components. The company's major markets are the Health Care Industry, Industrial Processing and the Semiconductor Industry.

We originally recommended the purchase of Thermo Electron on March 7th, 2002 at a price of \$20.46. Since our original recommendation the stock has declined to \$18.55 or 9% while the overall market (S+P500) has declined 22%. We are reiterating our purchased recommendation of Thermo Electron for the following reasons:

- During the past year, the company has been exceptionally well managed in a difficult economic environment. **Thermo Electron recently reported its third quarter results, which exceeded expectations.** Third quarter operating earnings were \$.25 per share which were 25% better than the year-ago earnings of \$.20 per share.
- **Over the past year, the company has significantly streamlined its cost structure as well as its product line.** These initiatives not only have improved profitability but also its cash earnings. It should be noted that the product realignment did not affect overall sales, which were down slightly in a relatively poor economic environment.
- **The company is positioned to achieve strong earnings growth as the economy gradually improves.** This potential earnings growth is based on Thermo's significant operating leverage and well-received new product for the bio-medical industry.
- **At the present time the company has about \$6.00 per share in cash and, as a result the company will reduce its debt by about 10%.** This reduction will bring total debt to about 35%, which is quite modest. The resulting cash per share should approximate \$5.00 per share.
- The company has a current book value of about \$12.00 per share and we anticipate that 2002 earnings will be about \$1.00 per share. **At its current price of \$18.00, we believe Thermo Electron is an especially attractive Long Term investment.**