

# STOCK TRADERS PRESS

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Special Opportunity Report September 10, 2002

## Strong Buy

## Silicon Graphics (NYSE) SGI \$1.19

### Company Data

52-week range	\$0.31-\$4.85
Market Cap	\$237.6M
Shares Outstanding	199.6M
Book Value	-\$0.27
Price/Book	N/A
Average Daily Vol.	618,000
Target Price	\$5.00
Target Percentage	320%



**Silicon Graphics** is a leading provider of high-performance solutions for complex data management, video and visualization applications. The company's products deliver advanced 3-D graphics and computing capabilities for engineering and creative professionals.

### **We are recommending Silicon Graphics for the following reasons:**

- **The Company has completed a turnaround of its business under the new management over the past 18 months.** This is especially true with regard to Silicon's product offerings and its research and development.
- From a financial viewpoint, **the company's position has strengthened considerably whereby Standard & Poor's recently upgraded the company's bond rating.**
- The Company's video and visualization products have gained increasing acceptance outside the scientific community. A major customer over the recent past has been the motion picture industry. The need for high-resolution graphics has dramatically increased as the industry employs more "special effects" and the medium is moving towards digitalization.
- While IT spending in the private sector has been slow, the company's Government business has been robust. At the present time, this sector represents 30% - 40% of Silicon Graphic's business. Additionally, **SGI has recently secured new sales from India, Malaysia, Sweden, and the U.S. Government for its Early Warning System.**
- The Company has a unique data storage management system, which can be used on any operating system. While the Company's product has been well received, Silicon Graphics has recently entered into a joint venture with Hitachi to market this product. Hitachi is the world's second largest storage product manufacturer.
- Currently, the company has gross revenues of \$1.3 billion and we estimate earnings of 12 cents per share for the fiscal year ending 6/30/03.