

STOCK TRADERS PRESS

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Short-Term Report February 18, 2003

Update - Strong Buy

Fremont General (NYSE) FMT \$4.50

Company Data

52-Week Range	\$2.98-\$7.20
Market Cap	\$331.8M
Shares Outstanding	75.2M
Book Value	\$5.88
Price/Book	0.75
Average Daily Vol.	198,000
Dividend / Yield	\$0.08 / 1.81%
Target Price	\$8.00
Target Percentage	77.7%



Fremont General Corp. is a holding company, which owns a commercial and industrial bank primarily located in California. **We continue to be attracted to Fremont General as an undervalued financial institution.** The stock of Fremont General moved lower in late December but has since rebounded. There were no fundamental developments that accounted for this decline. It appears that this price weakness was the result of year-end tax selling. Since then, FMT has performed incredibly well considering the fact that the DOW has declined over 1000 points in this same period. This leads us to believe that FMT will be an out-performer, as soon as the market rebounds in any meaningful way.

The reasons for our attraction toward Fremont General are:

- The company has earned \$0.99 per share for the first nine months of 2002. We expect the company to earn \$0.38 per share for the fourth quarter, resulting in full year earnings of \$1.37. The stock is presently selling at a 3.0x price/earnings multiple. **The normal P/E for a bank stock is 8-10x, which would equate into a \$10-\$12 share price for FMT.**
- **Most impressive has been the reduction in long-term debt.** During the first nine months the company has reduced long term debt from \$342 million to \$270 million. The company has stated that an additional \$73 million of debt will be paid down by June 30, 2003. This will bring long-term debt down to a modest \$200 million level.
- **As of September 30, 2002, Fremont General had a book value of \$5.88 per share and a current dividend of 1.8%. FMT has cash of \$2.27 per share.**

Consequently, **we believe that Fremont General is undervalued** and overlooked by the investment community. Technically speaking, FMT has a current short position of 9.4 million shares. Should FMT report reasonable earnings in a few weeks (as expected), any significant short covering will likely push its share price above our \$8 target price.

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QUOTE: "If passion drives you. Let reason hold the reins." - Benjamin Franklin

Update - Strong Buy Silicon Graphics (NYSE) SGI \$1.28

Company Data

52-Week Range	\$0.56-\$4.85
Market Cap	\$226.3M
Shares Outstanding	198.5M
Book Value	-\$0.53
Price/Book	N/A
Average Daily Vol.	884,000
Dividend / Yield	None
Target Price	\$5.00
Target Percentage	290%



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 over the past 18 months under the new management.** This is especially true with regard to Silicon's product offerings and its research and development.
- **On 2/18/03 the company announced it received a contract for \$26 million from the U.S. Department of Defense.** Additional revenue is expected from the contract over the next several years.
- 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 corporate IT spending has been slow, the company's Government business has been robust. This sector represents 30%-40% of Silicon Graphic's business. **SGI has recently received orders from the U.S. Government for its Early Warning System.**
- **New orders have been secured from India, Malaysia, and Sweden, and new domestic orders have been received from Ford Motor Company, Lockheed Martin, John Deere, and the National Cancer Institute.**
- 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. **SGI has cash of \$1.09 per share.**

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UPDATE: King Pharmaceutical (KG) announced its most recent financial results on 2/18/03. The company reported quarterly earnings of \$0.41 per share on an operating basis, exceeding the consensus estimated by \$0.02 per share. The company did take a one-time charge but we continue to like the stock at \$15 and believe our target price of \$21 will be achieved.