



Stock Traders Press

June 13, 2002

Silicon Graphics (NYSE) SGI

Initially Recommended
June 13, 2002

Company Data

Current Price	\$2.60
52-week range	\$0.31-\$4.85
Market Cap	\$525.1M
Shares Outstanding	199.6M
Book Value	-\$0.15
Price/Book	N/A
Average Daily Vol.	1.1M
Target Price	\$6.00
Target Percentage	130.7%

Recommendation – Strong Buy



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 consider Silicon Graphics a unique special situation whose leading edge; patented products and software will be increasingly employed as demand for high-resolution video solutions over the Internet expands. Additionally, the company's high performance software for complex data storage management will continue to grow to meet expanding needs.

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.

Continued...



Stock Traders Press

Continued...

-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.

-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.

Quote: "You maybe disappointed if you fail, but you are doomed if you don't try" – Beverly Sills