

October 15, 1997

Avant! reports dismal third quarter results.

Yesterday, Avant! (OTC Symbol: AVNT) (Price: \$26.75) announced what it called "extremely gratifying" third quarter results. The results barely exceeded analyst's unrevised low expectations before a \$41.2 million write-off. Analysts have failed to increase their Avant! revenue and earnings projections despite this year's over 100% growth reported by Avant!'s competitors. This far better than expected growth was not reflected in Avant!'s average \$0.29 per share third quarter projections. Avant! reported a \$0.66 per share loss for the quarter. Before write-offs Avant! earned \$0.33 per share.

Analysts' published EPS projections were far below those indicated by the growth of its market and the growth recorded by its competitors. The market for Avant!'s most important products continues to grow at over a 100% rate. If in fact Avant!'s results were not affected by customer reluctance and employee dissatisfaction related to its civil and criminal liabilities, we estimate that Avant! would have earned over \$0.50 per share in this quarter. Yet Avant! was unable to significantly exceed analyst's unadjusted \$0.29 per share earnings estimate.

Certain Avant! shareholders had whispered that Avant! would easily earn over \$0.40 per share. Avant!'s promoters claim that the Company possesses an earnings reserve and that its reported earnings are understated. No such earnings reserve exists. Avant! has no "backlog" of shipped and fully accepted yet unbilled product. Avant!'s revenue recognition must conform to generally accepted accounting principals. These principals do not allow for Avant! to hide sales. Such a contention is absurd.

On September 23, 1997 the U.S. Court of Appeals for the Ninth District reversed U.S. District Judge Whyte's order denying an injunction that would prevent Avant! from selling its place and route product. There is no possible interpretation of this ruling that is not highly damaging to Avant! Announcements concerning the ruling caused Avant!'s stock to trade as low as \$18 per share, down \$15 from the close, in after market trading. On September 24, 1997 Avant! traded over 4 million shares and recovered most of its losses. Including purchases made on September 24th Avant!'s top five (5) institutional owners now control over 51% of its outstanding shares. These few investors maintain and continue to increase their holdings despite clear evidence that Avant!'s performance is deteriorating rapidly and that its stock price does not reflect the risk inherent in its ownership.

Earlier this year Avant!'s stock fell from \$40 1/2 to below \$9 3/4 on negative legal developments. This occurred before its weak performance became evident. The current pending criminal and civil events are potentially far more damaging than those that caused this 75% drop. Furthermore, the probability of a negative outcome within this quarter is now far greater. We believe that investors should use the opportunity created by the small, highly concentrated group of institutional buyers to exit Avant!'s stock at its current grossly inflated levels. Neither Avant!'s third quarter performance nor next year's projections remotely compensate investors for assuming the risk of owning Avant! stock.

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.