

August 01, 1997

Strong Sell Recommendation

Avant! cancels recusal hearing.

Avant! (OTC Symbol: AVNT) (Price: \$29.875) cancelled all hearings scheduled for this week to argue its much-heralded motion requesting the dismissal of District Attorney Julius L. Finkelstein. No new hearing date has been set. Avant! claims that the cancellation, and the resulting delay, were necessary due to a pending protective order. This is completely false and untrue. Neither Avant!'s June 9, 1997 recusal motion nor any of the opposition papers contain or deal with trade secrets or any other confidential issues. Avant!'s motion merely alleges improper collusion between the prosecutor and Cadence Design Systems, Inc. Avant! filed a motion for protective order on July 11, 1997 completely independent of the recusal hearing or motion. Avant! canceled the hearing shortly after the Attorney General filed papers in opposition to Avant!'s motion.

Avant! claims that the postponement was not due to the Attorney General's response to the recusal motion. Avant! further claims that the Attorney General's filing is "conventional" and not surprising. This is also completely false and untrue. An attempt by a criminal defendant to seek recusal of an entire prosecutor's office is extraordinary and rare. The Attorney General found absolutely no fact or law that remotely support any of Avant!'s claims. There is no reason to believe that Avant! will prevail in its attempt to remove the prosecutor. The recusal motion merely delays Avant!'s criminal prosecution. A brief delay offers no benefit to Avant! or the individual criminal defendants. We found no other reason for this filing and believe that the Attorney General's response clearly highlights Avant!'s guilt and the District Attorney's strict adherence to the law.

Avant!'s false characterization of the recusal motion and its decision to postpone the hearings are indicative of its attempts to mislead the market. It also indicates the previously-jailed defendants' natural reluctance to go to trial. The publicly-available evidence clearly shows beyond a reasonable doubt that Avant! stole large amounts of very important Cadence software and trade secrets. So great was the amount of stolen material in its possession that Avant! could not rid itself of damning evidence even though it had over one full year to do so between the search of Mitsuru Igusa's residence on November 10, 1994 and the search of Avant!'s Sunnyvale offices on December 5, 1995. Furthermore it was not until 16 months later, after Avant! presented its legal and expert witness defenses to the District Attorney, that Avant!'s officers were finally arrested and released under bail. This two year record contains an abundance of indisputable evidence of Avant!'s criminal activity, which led to the charges and arrests.

We believe that Avant!'s stock price does not adequately, if at all, reflect the devastating potential of the Company's established civil and criminal liabilities. We believe that Avant! is guilty as charged, that a plea-bargaining settlement is highly unlikely and that prosecution is unavoidable. However, even assuming the best case scenario we believe Avant!'s stock is grossly overvalued. We believe that this gross evaluation makes it impossible for investors to realize any gains. We strongly recommend the sale of shares of Avant! Corporation's common 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.