

February 27, 1998

*Avant!'s Apollo begins to draw fire.*

U.S. Judge Ronald M. Whyte issued a new order dated February 20th and filed on February 23, 1998. The order is titled "Order (1) requesting further briefing on question of enjoining of marketing of Aquarius and later developed products; and (2) confirming partial lifting of stay." Judge Whyte stated that he has been unable to decide whether to enjoin Aquarius without assistance from the parties. Judge Whyte provided several insights into his deliberation in submitting a set of three (3) questions to guide the parties in their briefing. Judge Whyte states that "there is no question that intermediate copying can be enjoined." Judge Whyte also reconfirmed that if he ultimately and specifically enjoins Aquarius then Avant! (OTC Symbol: AVNT) (Price: \$13.50) would be in violation of his existing preliminary injunction. More importantly, Judge Whyte is now exploring the legal possibility of enjoining the sale of "a subsequently upgraded product which is not substantially similar to the copyrighted code but was produced at least in part by taking advantage of intermediate copying" of copyrighted code. This issue has implications for Apollo. Judge Whyte has ordered Avant! to turnover certain Apollo code. Apollo is in fact merely a "later developed" place and order product whose basic functions are in no way different than Aquarius or ArcCell.

In the order Judge Whyte recognized that concerns about the pace of the case are justifiable. As a result, he set a time schedule and limits on the quantity and nature of the briefs. If the parties avail themselves of all the time allowed the matter will be fully submitted for decision by no later than March 11, 1998. Judge Whyte did not give any indication as to when he would rule.

Avant! and its officers have benefited from delaying their criminal trial, which led to Judge Whyte granting a stay in the civil proceeding. Despite this Avant! faces the near-term total loss of its most important product. While this may not occur, it is also certain that Avant!'s criminal and civil trials will at least commence this year. The civil trial presents Avant! with real liabilities that far exceed the value of all its assets and ability to pay. We believe that Avant!'s stock price now more reflects, and is more impacted by this eventuality, than the pending Aquarius injunction decision.

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.