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Avant!'s Compass dealings exposed.

During the third quarter Avant! Corporation (NASDAQ Trading Symbol: AVNT) (Price: $26.75) agreed to acquire two companies for a stated transaction value of approximately $206 million payable in cash and stock. These are Avant!'s only transactions since the Company was criminally charged. Avant! faces serious unsystematic risks that must be considered by its customers, employees and potential merger candidates. It is for this reason that investors should cautiously evaluate the motives and values surrounding any announced acquisition.

On September 12, 1997 Avant! announced it had paid $17.5 million in cash and 522,192 shares for Compass Design Automation, Inc. This indicates a total transaction value of approximately $35.5 million. Yesterday, Avant!'s Vice President of Finance John Huyett disclosed it had paid $30 million in cash and that its actual cost to acquire Compass including previously undisclosed net liabilities assumed, severance payments, accrued transaction costs and elimination of duplicate facilities had been over $56 million. Avant! also disclosed that it had written-off $41.2 million, equal to 74% of its total Compass acquisition cost. This is an extraordinary event that leaves Avant! with only a $14.8 million asset if in fact Avant! did pay the full $56 million previously undisclosed price. Regardless of the accounting treatment, the $14.8 million net investment in Compass is further diminished by an increase in Avant!'s intangible assets of $13.2 million in the quarter.

Avant!'s cost to acquire Compass from VLSI Technology, Inc. ("VLSI") was approximately $21 million more than previously announced. On September 15, 1997 Avant! announced that VLSI had agreed to buy $21 million of its products. We believe that Avant! grossly overpaid for Compass. We also firmly believe that VLSI's purchase of Avant! product is directly related to Avant!'s Compass purchase. More importantly, we believe that the combined value of the Compass asset purchase and VLSI agreement is far less than Avant!'s cost. Avant!'s immediate $41.2 million write-off serves to warn investors of management's willingness to commit reckless and desperate acts.

On September 8, 1997 Avant! agreed to acquire Technology Modeling Associates, Inc. ("TMAI") for $150 million. The Avant! offer represented a 70% premium over TMAI's pre-announcement stock price and over twice the shares 1997 low. After the acquisition announcement TMAI disclosed that its third quarter would fail to meet expectations. TMAI has reported a $0.13 loss for the quarter. The TMAI deal is highly dilutive to Avant! shareholders. We believe that Avant! is less motivated to acquire TMAI for its business prospects and more interested in using it to dilute its criminal liabilities. Even assuming the acquisition of TMAI, Avant!'s market value is for all practical purposes almost entirely dependent on its Aquarius business. Neither the so-called "Apollo" project nor the TMAI acquisition provide Avant! any protection from its criminal liabilities.

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.