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PRICEWATERHOUSECOOPERS

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Allen Systems Group, Inc.

Consolidated Financial Statements
For the Years Ended December 31, 2000 and 1999

Allen Systems Group, Inc.

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PRICEWATERHOUSECOOPERS

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Report of Independent Certified Public Accountants

To the Sole Director
Allen Systems Group, Inc.
Naples, Florida

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in stockholder's equity (deficit) and comprehensive income and cash flows present fairly, in all material respects, the financial position of Allen Systems Group, Inc. and its subsidiary ("the Company") at December 31, 2000 and 1999, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Statement of Operations with Adjusted Revenue is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

PricewaterhouseCoopers LLP

April 25, 2001, except for Note 14
for which the date is September 6, 2001

Allen Systems Group, Inc.

Consolidated Balance Sheets
December 31, 2000 and 1999

	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	$ 2,335,863	$ 2,109,743
Accounts receivable, less allowance for doubtful accounts of $1,461,175 in 2000 and $249,793 in 1999	25,930,343	9,959,594
Prepaid expenses and other assets	7,096,019	680,047
Advances	2,259,174	427,497
Total current assets	37,621,399	13,176,881
Property and equipment, net	5,083,278	4,684,682
Intangible assets, net	104,966,980	28,578,651
Other assets	3,243,464	535,279
Total assets	$ 150,915,121	$ 46,975,493
Liabilities and stockholder's equity (deficit)		
Current liabilities:		
Accounts payable	$ 7,935,084	$ 1,709,341
Current maturities of long-term debt and capital leases	7,549,917	7,067,639
Royalties payable	3,251,962	827,723
Commissions payable	1,247,641	294,714
Accrued expenses and other	17,641,015	1,855,187
Deferred revenue	33,887,202	7,816,350
Total current liabilities	71,512,821	19,570,954
Long-term debt and capital leases	92,574,504	15,944,603
Deferred income tax liability	1,506,000	-
Total non-current liabilities	94,080,504	15,944,603
Total liabilities	165,593,325	35,515,557
Commitments and contingencies (Notes 10, 11, 12 and 13)		
Stockholder's equity:		
Common stock, no par value, authorized 1,000 shares, issued and outstanding 200 shares	-	-
Additional paid in capital	102,000	102,000
Retained earnings/ (accumulated deficit)	(14,145,673)	11,713,567
Accumulated other comprehensive loss	(634,531)	(355,631)
Total stockholder's equity (deficit)	(14,678,204)	11,459,936
Total liabilities and stockholder's equity (deficit)	$ 150,915,121	$ 46,975,493

The accompanying notes are an integral part of these financial statements.

Allen Systems Group, Inc.

Consolidated Statements of Operations
For the Years Ended December 31, 2000 and 1999

	2000	1999
Revenues:		
License fees	$ 41,093,216	$ 13,833,464
Maintenance	44,017,468	31,219,723
Professional service	6,499,970	761,993
Total revenues	91,610,654	45,815,180
Cost of revenues	14,120,912	9,317,446
Gross margin	77,489,742	36,497,734
Operating expenses:		
Selling, general and administrative	67,739,631	29,009,949
Depreciation and amortization	20,876,421	1,207,021
Total operating expenses	88,616,052	30,216,970
Operating income (loss)	(11,126,310)	6,280,764
Non-operating income (expense):		
Interest expense	(7,039,342)	(1,119,943)
Interest income	80,656	17,638
Loss on foreign currency exchange	(607,756)	(273,039)
Other	506,317	271,600
Total non-operating expenses	(7,060,125)	(1,103,744)
Income (loss) before income taxes	(18,186,435)	5,177,020
Provision for income taxes	5,360,000	-
Net income (loss)	$ (23,546,435)	$ 5,177,020

The accompanying notes are an integral part of these financial statements.

Allen Systems Group, Inc.

Consolidated Statements of Changes in Stockholder's Equity (Deficit) and Comprehensive Income
For the Years Ended December 31, 2000 and 1999

	Common Stock		Additional Paid in Capital	Comprehensive Income	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount					
Balances at December 31, 1998	200	$ -	$ 102,000		$ 9,521,615	$ (105,676)	$ 9,517,939
Comprehensive income:							
Net income	-	-	-	$ 5,177,020	5,177,020	-	5,177,020
Foreign currency translation adjustment	-	-	-	(249,955)	-	(249,955)	(249,955)
				$ 4,927,065			
Distributions to stockholder	-	-	-		(2,985,068)	-	(2,985,068)
Balances at December 31, 1999	200	-	102,000		11,713,567	(355,631)	11,459,936
Comprehensive income:							
Net loss	-	-	-	$ (23,546,435)	(23,546,435)	-	(23,546,435)
Foreign currency translation adjustment	-	-	-	(278,900)	-	(278,900)	(278,900)
				$ (23,825,335)			
Distributions to stockholder	-	-	-		(2,312,805)	-	(2,312,805)
Balances at December 31, 2000	200	-	$ 102,000		$ (14,145,673)	$ (634,531)	$ (14,678,204)

The accompanying notes are an integral part of these financial statements.

Allen Systems Group, Inc.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Net income (loss)	$ (23,546,435)	$ 5,177,020
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of fixed assets	-	16,909
Provision for bad debts	44,289	-
Depreciation	2,728,552	803,594
Amortization	18,147,869	4,755,015
Deferred taxes	1,667,000	-
Foreign currency loss	607,756	273,039
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(4,808,716)	(2,899,066)
Prepaid expenses and other receivables	(3,323,293)	(113,132)
Advances	(243,857)	(81,736)
Other assets	(2,708,185)	(1,190,318)
Increase (decrease) in:		
Accounts payable	5,094,637	385,464
Royalties payable	1,788,790	334,060
Commissions payable	749,813	60,297
Accrued expenses and other	3,324,607	709,524
Deferred revenue	5,935,454	375,606
Net cash provided by operating activities	5,458,281	8,606,276
Cash flows from investing activities:		
Purchase of property and equipment	(1,761,248)	(1,207,858)
Acquisition of businesses, net of cash received	(77,449,437)	(12,000,000)
Proceeds from sale of software (CIMS)	-	3,300,000
Purchase of computer software	-	(275,915)
Net cash used in investing activities	(79,210,685)	(10,183,773)
Cash flows from financing activities:		
Proceeds from line-of-credit agreement	-	2,294,000
Repayments under line-of-credit	(9,716)	(4,365,864)
Proceeds from long-term debt	100,000,000	12,733,335
Principal payments of long-term debt	(22,983,125)	(3,907,344)
Payments on capital lease obligations	(386,974)	(380,594)
Distributions to stockholder	(2,312,805)	(2,985,068)
Net cash provided by financing activities	74,307,380	3,388,465
Effect of exchange rate changes on cash	(328,856)	(522,994)
Net increase in cash	226,120	1,287,974
Cash and cash equivalents at beginning of year	2,109,743	821,769
Cash and cash equivalents at end of year	$ 2,335,863	$ 2,109,743
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 5,832,998	$ 1,111,260
Cash paid during the year for taxes	$ 1,266,000	$ -

Noncash investing and financing activities:

During 2000 and 1999, the Company financed certain capital expenditures of approximately $33,055 and $246,000, respectively, through the issuance of capital lease obligations

The accompanying notes are an integral part of these financial statements.

Allen Systems Group, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2000 and 1999

1. **Nature of Business and Significant Accounting Policies**

Nature of Business

Allen Systems Group, Inc. (the Company) is a computer software company that acquires, develops, and markets software products for the mainframe marketplace.

Significant Accounting Policies

Basis of Presentation

These consolidated financial statements include the financial results of the Company and its wholly owned subsidiary Viasoft, Inc. (Viasoft). All significant intercompany transactions and balances have been eliminated in consolidation.

Revenue Recognition

The Company's revenue is derived from primarily two sources: (i) software license fees, derived primarily from software licenses to resellers and end users, and (ii) software maintenance renewal fees, derived primarily from providing support and maintenance. The Company also provides education and consulting services to end users.

Revenue from software licenses is recognized upon execution of a contract and completion of delivery obligations, provided that no uncertainties regarding customer acceptance exist and collection of the related receivable is probable. Revenue from software maintenance fees is recognized (1) upon acceptance of the new program user password by the customer for the Company's products where the estimated cost of providing support is insignificant and unspecified upgrades/enhancements have been and are expected to continue to be minimal and infrequent, or (2) ratably over the contractual period. Payments for support and maintenance fees are generally made in advance and are nonrefundable. In 2000, the Company began recognizing all revenue and direct costs from software maintenance agreements ratably over the contract period.

Revenue from education and consulting services is recognized as the related services are performed.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is recorded at cost, less accumulated depreciation and amortization. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense is provided using the straight-line method over the estimated useful lives of the assets, which ranges from five to ten years. Leasehold improvements are amortized using the straight-line method over the lesser of the lease term or the estimated useful life. Equipment held under capital lease is recorded at the lower of the fair market value of the lease or the present value of future minimum lease payments. These leased assets are amortized using the straight-line method over the lesser of the lease term or the estimated useful life.

Software Development Costs

Software development costs are expensed as incurred until technological feasibility has been established, at which time such costs are capitalized until the product is available for general release to customers. To date, the establishment of technological feasibility of the Company's products and general release of such software have substantially coincided. As a result, software development costs qualifying for capitalization have been insignificant and therefore, have not been capitalized.

Intangible Assets

The costs of capitalized purchased software costs, goodwill, copyrights, covenants not to compete, trademarks and other intangibles are being amortized on the straight-line method over their respective useful lives (two to eight years). The Company assesses the carrying value of its intangible assets annually in order to determine whether an impairment has occurred. An impairment loss is recognized if the expected undiscounted cash flows of the asset is less than its carrying value.

Foreign Currency Translation

The financial position and results of operations of the Company's foreign divisions are measured using local currency as the functional currency. Current assets and liabilities of these divisions are translated to the U.S. dollar at the exchange rate in effect at year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from differences in exchange rates from period to period are recorded in the component of stockholder's equity designated as "accumulated other comprehensive income." Realized gains and losses resulting from foreign currency transactions are included in the consolidated statement of operations.

Income Taxes

The Company elected to have its income taxed under Section 1362 of the Internal Revenue Code and a similar section of the Florida income tax law (S Corporation election). These laws provide that, in lieu of corporate income taxes, the Company's taxable income will be passed through to the stockholder of the Company and taxed at the individual level.

The Company's subsidiary, Viasoft, Inc. is a C Corporation that is subject to foreign, federal and state income taxes. In addition, the Company is subject to income taxes in jurisdictions where the S Corporation election is not recognized. The Company has applied the asset and liability approach of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," for financial accounting and reporting purposes. The Company accounts for certain items of income and expense in different periods for financial reporting and income tax purposes. Provisions for deferred income taxes are made in recognition of such temporary differences, where applicable. A valuation allowance is established against deferred tax assets unless the Company believes it is more likely than not that the benefit will be realized.

Advertising Expense

The costs incurred for advertising and promotion are expensed when incurred. Included in selling, general and administrative expenses was advertising expense of approximately $986,000 and $308,000 for 2000 and 1999, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used by management in the preparation of the Company's financial statements include estimates related to allowance for bad debts, sales discounts related to software renewal licenses, depreciation lives for fixed assets and remaining economic life of capitalized software costs. Actual results could differ from estimates.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. To minimize risk, ongoing credit evaluations of customers' financial condition are performed, although collateral is generally not required.

Reclassification

Certain amounts in the 1999 financial statements have been reclassified to conform with the 2000 presentation. These reclassifications have no effect on the total assets, stockholder's equity, net income or total cash flows previously reported by the Company.

2. Acquisitions

In November 1999, the Company acquired the software rights and assumed certain maintenance obligations to various software products from Computer Associates, Inc., which divested the products after its acquisition of Platinum Technologies, Inc. The Company paid approximately $12 million and assumed maintenance obligations of approximately $6 million. In December 1999, the Company sold its rights to one of the software products for approximately $3 million.

In January 2000, the Company acquired the stock of Sisro, a software company headquarted in St. Cloud, France, for $1.8 million. The acquisition has been accounted for under the purchase method of accounting. The purchase agreement required $1.2 million in cash to be paid at closing and $600,000 to be paid in four quarterly installments commencing on March 31, 2001. The agreement also requires royalty payments of 15% of revenue generated by the

Sisro products to be paid for a term of 36 months up to a maximum of approximately $5 million. If the maximum royalty payment is not reached in the first 36 months, the royalty payment then becomes 10% of revenue thereafter until a minimum of approximately $3.5 million has been reached. The purchase price approximated the fair value of the acquired software products.

Also in January 2000, the Company acquired four software products from a German based software company. The acquisition was accounted for under the purchase method of accounting. The purchase price for the products required no cash upon closing but a 30% royalty on all revenues associated with the four products until approximately $7.7 million has been paid.

In May 2000, the Company paid $1.1 million to acquire all of the outstanding capital stock of Network Software Associates, Inc., a software company located in Arlington, Virginia. This acquisition was accounted for under the purchase method of accounting. The purchase agreement also requires royalty payments based on the revenue generated by the acquired products. The royalty rate is 25% until such time that total royalty payments equal $900,000, then the royalty rate decreases to 15% until the maximum of $11.4 million in total royalties are paid or for five years, whichever occurs first. If after five years, $4.9 million has not been paid in royalties, the 15% payment continues until $4.9 million has been reached. The purchase price approximated the fair value of the acquired software products.

In May 2000, the Company acquired all of the outstanding capital stock of Viasoft, Inc. at $8.40 per share for a total purchase price of $153 million. The purchase price for the Viasoft acquisition has been allocated to assets acquired and liabilities assumed, based on estimated fair values. Such allocation is subject to adjustment dependent on analysis by the Company of the projected net revenues derived from continuing sales of Viasoft products. $76 million of the acquisition was financed through a revolving credit facility and the cash acquired in the transaction was used to purchase the remaining shares. The Company accounted for the acquisition using the purchase method of accounting.

In June 2000, the Company acquired certain software products from Interactive Software Systems, Inc., a Colorado based company, for $4,250,000. The acquisition was accounted for under the purchase method of accounting. The purchase agreement requires a royalty payment of 5% paid quarterly on all collected gross revenue generated by the acquired products. This royalty will continue until royalties total $500,000, after which royalties continue at 15% until the total of all royalties paid reaches a maximum of approximately $7.7 million. The purchase price approximated the fair value of the acquired software products.

The operating results of the acquisitions have been included in the Company's consolidated results of operations from their respective dates of acquisition.

Allen Systems Group, Inc.

Notes to Financial Statements
For the Years Ended December 31, 2000 and 1999

3. Advances

The Company has entered into various agreements relating to the prepayment of developer royalties, distributor fees, commissions and other employee advances. Advances consisted of the following at December 31:

	2000	1999
Royalties	$ 1,702,874	$ 337,610
Distributor fees	429,783	-
Commissions	126,084	77,623
Other	433	12,264
	$ 2,259,174	$ 427,497

4. Property and Equipment

Property and equipment consisted of the following at December 31:

	2000	1999
Computer equipment and software	$ 6,588,224	$ 5,010,608
Office equipment	2,086,591	1,259,366
Furniture and fixtures	1,005,068	838,381
Leasehold improvements	408,316	245,110
Vehicles	14,336	11,102
	10,102,535	7,364,567
Less accumulated depreciation	(5,019,257)	(2,679,885)
	$ 5,083,278	$ 4,684,682

Depreciation expense related to property and equipment was $2,728,552 and $805,304 at December 31, 2000 and 1999, respectively.

The Company leases certain equipment under agreements that are classified as capital leases. As of December 31, 2000 and 1999, accumulated amortization related to these capital leases included in accumulated depreciation was $433,560 and $347,268, respectively.

5. Intangible Assets

Intangible assets are comprised of the following at December 31:

	2000	1999
Goodwill	$ 54,708,477	-
Capitalized software	77,358,770	$ 39,214,605
Other intangibles	4,857,469	3,158,154
	136,924,716	42,372,759
Less accumulated amortization	(31,957,736)	(13,794,108)
	$ 104,966,980	$ 28,578,651

Amortization expense was $18,147,869 and $403,429 for the years ended December 31, 2000 and 1999, respectively.

6. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consisted of the following at December 31:

	2000	1999
Prepaid expenses	$ 2,151,276	$ 680,047
Notes receivable	1,065,908	-
Deferred maintenance costs	2,629,835	-
Deferred tax asset	1,249,000	-
	$ 7,096,019	$ 680,047

Other assets consisted of the following at December 31:

	2000	1999
Notes receivable	$ -	$ 25,000
Loan origination fees	2,329,136	221,436
Deposits and other	914,328	288,843
	$ 3,243,464	$ 535,279

7. Long-Term Debt and Capital Leases

Long-term debt and capital leases consisted of the following at December 31:

	2000	1999
Revolving credit note, $100.0 million maximum, due on April 26, 2003, collateralized by the assets of the Company. Interest rate was 9.4% at December 31, 2000.	$ 100,000,000	-
Revolving credit note, $3.0 million maximum, due on demand, collateralized by the assets of the Company and guaranteed by the stockholder. Interest payable monthly LIBOR plus 2.25% (8.07% at December 31, 1999).	-	$ 9,217
Five notes to financial institution, $25 million maximum, collateralized by the assets of the Company and guaranteed by the stockholder, total monthly payments of $671,185, including interest at LIBOR plus 2.75% (8.07% at December 31, 1999). Final payments due June 30, 2002 through October 30, 2003.	-	22,608,156
Note payable to financial institution, monthly payments of approximately $2,000, including interest at 6.25%. Final payment due May 2000.	-	17,372
Various capital lease obligations, interest ranging from 6.54% to 9.95%, collateralized by leased equipment, monthly or quarterly payments through 2001.	124,421	377,497
	100,124,421	23,012,242
Less current maturities	(7,549,917)	(7,067,639)
	$ 92,574,504	$ 15,944,603

During 2000, the Company retired the five notes to financial institutions outstanding at the end of 1999 using the proceeds of a new $100 million revolving credit facility (the "Credit Facility"). The Credit Facility is collateralized by the assets of the Company. It has a three year maturity with mandatory quarterly commitment reductions of $2.5 million commencing on June 30, 2001, and increasing to $5 million on June 30, 2002. The Credit Facility terminates on April 26, 2003. Mandatory prepayments are required upon the occurrence of certain events including, but not limited to (i) the sale of assets of the Company in excess of $250,000, and (ii) any net proceeds from the issuance of equity or debt by the Company. The Company has the option to pay interest on the Credit Facility under two methods, the Base Rate or the Eurodollar Rate. The Base Rate is composed of the greater of the Federal Funds rate plus 50 basis points or the prime rate of LaSalle National Bank plus a base rate margin of 100 to 150 basis points, based on the Company's debt to EBITDA ratio. The Eurodollar Rate is the London Interbank Offered Rate plus 225 to 275 basis points, depending on the Company's debt to EBITDA ratio. Amounts not used under the Credit Facility are subject to a commitment fee of .375% to .5% depending on the Company's debt to EBITDA ratio. Under the terms of the Credit Facility, the Company is required to comply with certain covenants, including the maintenance of certain financial ratios. As described in note 14, the Company has obtained waivers relating to the financial ratios which were not met during 2000.

During 1999, the Company entered into a note totaling $12 million and extended its existing revolving credit line to $3 million all with the same financial institution. These notes and line of credit were paid off in 2000.

The scheduled maturities of long-term debt and capital lease obligations at December 31, 2000 are approximately as follows:

2001	$ 7,549,917
2002	17,574,504
2003	75,000,000
	$ 100,124,421

8. Income Taxes

The provision for income taxes consists of the following for the year ending December 31, 2000:

Current:	
Federal	$ 1,675,000
State	335,000
Foreign	3,658,000
Deferred	(308,000)
	$ 5,360,000

The tax effected amounts of temporary differences at December 31, 2000 are summarized as follows:

Deferred tax asset	
Current:	
Bad debt reserve	$ 164,000
Deferred maintenance revenue	308,000
Severance accrual	648,000
Vacation accrual	129,000
Total current deferred tax asset	1,249,000
Non-current:	
Restructuring charges	382,000
Purchased software	1,937,000
Intangibles	927,000
Option accrual	1,023,000
Other software	729,000
Legal accrual	566,000
Amortization of intangibles	438,000
Net operating loss	1,357,000
Other	948,000
Total non-current deferred tax asset	8,307,000
Deferred tax liability	
Non-current - capitalized software	9,813,000
Net deferred tax liability	$ (257,000)

Following is a reconciliation of the applicable federal income tax (benefit) as computed at the federal statutory rate to the actual income taxes reflected in the statement of operations:

Tax benefit at U.S. federal income tax rate	$ (5,922,000)
Income excluded from federal tax	7,373,000
State taxes, net of federal benefit	335,000
Effect of permanent differences	2,230,000
Foreign income tax rate differential	1,344,000
Provision for income taxes	$ 5,360,000

9. Savings Plan

The Company offers a defined contribution savings plan (the "Plan") under Section 401(k) of the Internal Revenue Code for all eligible employees. The Plan allows employees to defer up to 15% of their gross earnings on a pre-tax basis through contributions to the Plan. In accordance with the provisions of the Plan, the Company is required to match 25% of employee contributions up to the first 6% of the employees' gross pay. The Company recorded expense for the matching contributions of $182,423 and $83,794 for the years ended December 31, 2000 and 1999, respectively.

10. Related Party Transactions

In February 1998, the Company signed a 10-year operating lease with its sole stockholder for its general offices. Monthly lease payments were approximately $108,000 and $102,000 for 2000 and 1999, respectively. The lease also provides for the Company to be responsible for all expenses relating to the lease space, including taxes, utilities and maintenance.

The Company has a note receivable from an internet security company in which the sole stockholder of the Company owns an interest. This receivable was from payments made on behalf of the entity until the entity was able to establish vendor relations. The balance of the receivable was $0 and $100,064 at December 31, 2000 and 1999, respectively.

The Company uses product escrowing services from an entity in which the sole stockholder of the Company owns an interest. The expense for these services was approximately $46,500 and $27,500 for the years ended December 31, 2000 and 1999, respectively.

11. Operating Leases

Rental expense under operating leases was approximately $5,600,000 and $2,688,000 for the years ended December 31, 2000 and 1999, respectively.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2000 are:

		Unrelated Parties		
Year Ending December 31,	Related Party	U.S. Lease Obligations	Foreign Lease Obligations	Total
2001	$ 1,290,000	$ 4,214,000	$ 1,958,000	$ 7,462,000
2002	1,290,000	3,469,000	1,387,000	6,146,000
2003	1,290,000	3,113,000	950,000	5,353,000
2004	1,290,000	2,115,000	795,000	4,200,000
2005	1,290,000	2,096,000	686,000	4,072,000
Thereafter	5,088,000	1,365,000	1,197,000	7,650,000
	$11,538,000	$ 16,372,000	$ 6,973,000	$34,883,000

12. Computer Software Sales Agreements

The Company has entered into various software marketing agreements. The agreements require the payment of royalties based upon percentages of future sales. In the event that the royalties are not paid from software sales proceeds during the life of the marketing agreements, the Company may be required to pay the royalties from sources other than sales proceeds. However, in the opinion of management, future sales of these software products are expected to liquidate all amounts due.

13. Contingencies

The Company is a defendant in various legal matters arising in the ordinary course of business. Although the outcome of these matters cannot be predicted with certainty, in management's opinion, sufficient amounts have been accrued to cover the estimated costs to defend these matters.

14. Subsequent Events

On June 30, 2001, the Company changed the corporate structure of certain Viasoft entities from C-corporations to limited liability corporations. As a result of this change, the portion of the tax expense or benefit related to Viasoft entities will flow through to the sole stockholder of the Company and therefore will not be reported by the Company. In addition, the deferred tax liability and related goodwill associated with the identifiable intangibles included in the Viasoft acquisition will be adjusted.

On September 6, 2001, the Company amended its Credit Facility with its lending institutions. The amendment waived all of the current defaults of the Company under the original Credit Facility. The amendment also (1) altered the default provisions of certain covenants, including the maintenance of certain ratios and (2) increased the interest rates charged under the Credit Facility. The interest rates on the Credit Facility as described in Note 7 were amended, effective subsequent to September 30, 2001, as follows: the Base Rate is composed of the greater of the Fed Funds rate plus 50 basis points or the prime rate of LaSalle National Bank plus a base rate margin of 125 to 225 basis points, dependent on the Company's debt to EBITDA ratio. The Eurodollar Rate is LIBOR plus 250 to 350 basis points, depending on the Company's debt to EBITDA ratio. Amounts not used under the Credit Facility are subject to a commitment fee of .375% to .75%, depending on the Company's debt to EBITDA ratio.

Allen Systems Group, Inc.

Statement of Operations with Adjusted Revenue (Unaudited)
For the Years Ended December 31, 2000

	Year End 2000 Before Deferral of Revenue	Deferred Revenue Adjustments 2000	Adjusted Year End 2000
Sales Revenue	$ 28,028,219	$ (2,762,945)	$ 25,265,274
Upgrade Revenue	15,827,942		15,827,942
Maintenance Revenue	61,590,770	(17,573,302)	44,017,468
Professional Service Revenue	6,499,970		6,499,970
Total Revenue	111,946,901	(20,336,247)	91,610,654
Royalties	5,264,906	(864,826)	4,400,080
Commissions	3,995,834		3,995,834
Distributor Fees	7,709,544	(1,984,546)	5,724,998
Cost of Sales	16,970,284	(2,849,372)	14,120,912
Gross Margin	94,976,617	(17,486,875)	77,489,742
Total Expenses	95,676,177	-	95,676,177
Loss from operations	(699,560)	(17,486,875)	(18,186,435)
Income Tax Expense	5,360,000		5,360,000
Net Loss	$ (6,059,560)	$ (17,486,875)	$ (23,546,435)

Note: Deferred Revenue Adjustments reflect the Company's decision to begin recognizing in 2000 all maintenance revenue using the deferral method, due to: 1) the estimated cost to provide maintenance was increasing, 2) as additional products were being purchased and/or developed, unspecified upgrades/enhancements could become more than minimal or infrequent; and 3) to conform both legacy and recently acquired products to one method.