

THE WAKE UP CALL

Software, Electronic Commerce

INTRINSYC SOFTWARE INC. (ICS \$2.52, TSE)

Recommendation:	2-BUY (unchanged)
12-Month Target:	\$3.60 (unchanged)

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New Distribution Relationship Signed with Avnet

EVENT: Intrinsyc Software (Intrinsyc) announced that Avnet Applied Computing (AAC), an operating group of Avnet, Inc. (AVT, NYSE), will become an official distribution partner for Intrinsyc's products and services.

Avnet is a global electronics components distributor with a market capitalization of US\$3 billion and US\$9 billion in annualized sales. Avnet's AAC unit provides computing technology products, sub-systems and services globally to personal computer OEMs and systems integrators to accelerate product development. We note that AAC's success drives equipment sales for its parent company.

COMMENT: In addition to signing larger contracts, as Intrinsyc has demonstrated recently, the company must continue to add useful channel partners. Avnet represents the second major hardware distributor to come aboard as an Intrinsyc channel partner, the first being Pioneer Electronics. We believe that this could be a positive relationship for Intrinsyc as AAC's salespeople will be motivated to drive component sales by offering Intrinsyc solutions. Additionally, AAC salespeople will be compensated for any sales made of Intrinsyc's products. AAC has already delivered at least one client to Intrinsyc. The challenge for this and any distribution alliance is consistency and scale, and we will be in a better position to assess that as time passes.

CONCLUSION: We have a 2-Buy Recommendation and \$3.60 target on Intrinsyc.

Intrinsyc Software Inc. Selected Summary					
	Year-end August 31				
	2000	2001	2002E	2003E	
Revenue (mm) Price / revenue	\$3.0	\$10.9	\$16.5 5.6x	\$27.0 3.4x	
Earnings (loss) per share P/E	(\$0.16)	(\$0.12)	\$0.00 N/A	\$0.10 25x	

Intrinsyc develops and markets advanced networking software for embedded devices and enterprise development software.

Yorkton Securities has acted as agent for financing of or financial advisor to Intrinsyc Software within the past three years. Yorkton Securities Inc. holds options or compensation shares related to Intrinsyc Software.

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March 14, 2002

Previous Day's Volume	77,640
12-Month High-Low	\$3.34- \$1.12
Shares Outstanding	37.0 million
Market Capitalization	\$93 million
Float	36.4 million
Float Value	\$92 million
Index Member	None
Full Report Issued	November 2000