HYPERFEED TECHNOLOGIES INC
Form 10-K
March 19, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-13093

HYPERFEED TECHNOLOGIES, INC.
Incorporated in the State of Delaware FEIN 36-3131704

Principal Executive Offices:
300 South Wacker Drive, #300, Chicago, Illinois 60606
Telephone Number: (312) 913-2800

Securities registered pursuant to Section 12(b) of the Act:
NONE

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.001 par Value

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

1

As of January 31, 2001, the aggregate market value of the Common Stock of the Registrant (based upon the closing price of the Common Stock as reported by the Nasdaq National Market) on such date held by non-affiliates of the Registrant was approximately $35,700,000.

As of January 31, 2001, there were 15,760,301 shares of Common Stock and 47,866 shares of Preferred Stock of the Registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: See Page 3

Portions of the Registrant's Definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the 2001 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

PART OF FORM 10-K		DOCUMENT
PART I		None
PART II		None
PART III		
ITEM 10	Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act	Company's Proxy Statement to be filed in connection with its Annual Meeting of Stockholders
ITEM 11	Executive Compensation	Company's Proxy Statement to be filed in connection with its Annual Meeting of Stockholders
ITEM 12	Security Ownership of Certain Beneficial Owners and Management	Company's Proxy Statement to be filed in connection with its Annual Meeting of Stockholders
ITEM 13	Certain Relationships and Related Transactions	Company's Proxy Statement to be filed in connection with its Annual Meeting of Stockholders
PART IV		
ITEM 14	Exhibits, Financial Statement Schedules, and Reports on Form 8-K	Exhibits as specified in Item 14 of this Report

HYPERFEED TECHNOLOGIES, INC.

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

We were originally incorporated in the State of Illinois on June 23, 1980 as On-Line Response, Inc. We changed our name to PC Quote, Inc. in 1983 and incorporated in Delaware on August 12, 1987. In March 1999, we incorporated a subsidiary, PCQuote.com, Inc., to focus on our Web site and consumer business. In June 1999, we changed our name to HyperFeed Technologies, Inc. We are a financial markets content and solutions provider servicing the business-to-business and business-to-consumer financial marketplace. We collect financial content directly from stock, options and commodities exchanges and other news and financial information sources. We provide this content with a variety of optional analytics packages to businesses for their internal use and redistribution to their customers over the Internet, virtual private networks, and local or wide area networks.

We use proprietary collection techniques to process financial market activity reported to us directly from equities, options, and futures and options on futures exchanges. We consolidate the information and update in real-time our data warehouse of last sale, bid/ask, time and sales, and historical prices of more than 600,000 securities and derivatives issues. The data warehouse includes information on all North American equities, equity options, major stock indices, Level 1 Nasdaq-quoted stocks, Level 2 Nasdaq market-maker quotes, mutual funds, money market funds, futures contracts and options on futures contracts. We use proprietary extraction routines and compression algorithms to create "HyperFeed(R)", our IP Multicast digital datafeed. HyperFeed is created, and news and other financial content incorporated, at our primary processing facility located at our executive offices in Chicago, Illinois. We maintain a hot back up facility at our offices in Aurora, Illinois.

We disseminate HyperFeed to our customers over the Internet, as well as by satellite and digital data landlines. HyperFeed populates databases residing on computer servers at our customers' sites that are continuously and instantaneously updated. This process is often referred to as "real-time streaming data". Software applications on our customers' and their customers' computers access the HyperFeed populated databases to allow the end user to monitor securities activity and financial information on an on-going real-time basis. PCQuote.com maintains multiple servers for customers' real-time access, through Internet connections or through the World Wide Web. This provides our customers the same institutional quality financial data without the requirement of having their own server.

We derive our revenue from license fees charged for access to HyperFeed and from license fees charged for a packaged HyperFeed plus analytical software service. Our services are used primarily for trading analysis and as a price engine for order routing, order matching, order execution, interactive voice response, and alternative trading systems. Our customer base consists primarily of financial market data redistributors: securities broker-dealers, on-line brokerage firms, portfolio managers, other financial institutions, Internet Web sites and financial portals. PCQuote.com services individual and professional investors, in addition to selling advertising space on its Web site, www.pcquote.com. Our customers are located primarily in the United States and Canada.

The following is a description of the principal services that we provide.

PRODUCTS AND SERVICES

HYPERFEED - MARKET DATA PRODUCTS

HYPERFEED(R) MARKET DATA

HyperFeed is our IP Multicast digital real-time financial market datafeed. We create HyperFeed by collecting, analyzing, processing, storing, compressing, and transmitting financial content in under 40 milliseconds. HyperFeed contains:

- Last sale, bid/ask, time and sales, and historical prices of more than 600,000 North American securities and derivatives issues;

- Complete options chain information;

- Equity indices, mutual funds, money market funds;

- Dynamic Nasdaq Level II market maker quotes;

- Dow Jones Composite News Service (up to 90-day retrieval of nine wires "Broadtape", Professional Investor Report, Capital Markets Report, International News Wire, World Equities Report, European Corporate Report, Electronic Wall Street Journal, International Petroleum Reports, Federal Filings); and

- Multiple levels of fundamental data.

HyperFeed enables servers at our customers' sites to receive HyperFeed data and create real-time databases of financial markets activity, news and fundamental security information. HyperFeed is used primarily for trading analysis and as a price engine for order routing, order matching, order execution, interactive voice response, and alternative trading systems. Our customers pay monthly HyperFeed licensing fees and per-user or per-unit charges. HyperFeed licensees consist primarily of financial market data redistributors: securities broker-dealers, on-line brokerage firms, portfolio managers, other financial institutions, Internet Web sites and financial portals.

HyperFeed provides PCQuote.com's customers the benefit of institutional quality data, accessible over the Internet. Professional and individual investors are also able to benefit from the Internet's substantially lower costs for service and communications, its ease of access and its worldwide availability.

Powered by HyperFeed, our other services capitalize on the speed and completeness of HyperFeed to access, view and utilize the financial content we provide in a variety of ways.

HYPERSERVER(TM)

HyperFeed's Microsoft(R) Windows NT(R) HyperServer works as an independent workhorse at the client site to effortlessly manage the massive intake, processing and dissemination of real-time HyperFeed market data. Running proprietary HyperServer software, the HyperServer performs three basic functions: decompress and decrypt the HyperFeed broadcast, maintain the database, and make events/databases available to HyperFeed, third party or the client's own applications. Designed specifically for real-time data management, the HyperServer makes no demands on system resources and allows for optimal client workstation performance.

HYPERFEED(R) SDK

HyperFeed's Software Development Kit (SDK) provides developers with the necessary tools for easy integration of HyperFeed market data into proprietary software and Web based applications. Compatible with Microsoft(R)

Windows NT(R), LINUX, UNIX, JAVA and other operating systems, HyperFeed SDK is a complete toolkit which includes a variety of programming interfaces, documentation, sample code and API (Application Programming Interface), CGI (Common Gateway Interface) and ActiveX programming tools.

HYPERFEED SMARTICKER(TM)

A cost-effective data consolidation, processing, and management solution, HyperFeed SmarTicker provides businesses with the capabilities required to receive real-time datafeeds directly from exchanges or to create their own customized datafeed. HyperFeed SmarTicker provides clients with many of the processing capabilities of a full tickerplant at a fraction of the infrastructure. In addition, SmarTicker gives clients the capability to produce a customized datafeed. Clients may combine their preferred local/global content or even their own proprietary datafeed with HyperFeed market data and output a combined feed in HyperFeed common format.

HYPERFEED - DISPLAY PRODUCTS

HyperFeed licenses high-end applications to subscribers for the purpose of viewing, analyzing and manipulating HyperFeed's robust financial market content.

APOGEE(TM)

HyperFeed's proprietary display software, Apogee, is a collection of individual financial applications which can be independently opened from the Launcher bar on the user's desktop. User-friendly, flexible and customizable, each application contributes to a full-scale real-time trading center. Apogee includes quote grids, tickers, alarms, Nasdaq Level II market maker screens, options, charts, analytics, time and sales, name look up and a spreadsheet download feature for use with Microsoft Excel and other spreadsheet programs. Powered by HyperFeed market data, Apogee is available for use by individuals and corporations and can be private-labeled for internal or external redistribution.

REALTICK(TM) FROM HYPERFEED

RealTick is a Microsoft Windows-based suite of real-time professional securities trading tools which is powered by HyperFeed market data. RealTick's comprehensive functionality includes: unlimited quote pages, charting, technical analytics, searchable news, time of sale and quote, Nasdaq Level II market maker screens, options analytical tools, dynamic data exchange into Microsoft Excel, tickers, alerts, baskets and more. RealTick is available with HyperFeed's satellite, landline, and Internet services.

HYPERFEED - WEB PRODUCTS

NEOSPHERE(TM)

Neosphere is a comprehensive e-business solution providing everything a business needs to quickly offer real-time quotes and news fully integrated into an analytic application-via the Internet. Neosphere reduces lengthy development time and eases administrative processes. A turnkey solution, Neosphere provides back-end tools for the client: administrative database, online sign-up templates, exchange authorizations, automatic reports and billing. Neosphere also takes care of the front-end with real-time Internet delivered quotes, news and analytic software. Neosphere components include: Apogee software, HyperFeed market data, news, HyperServers for HyperFeed data processing and Internet delivery, a browser-based Neosphere DB administrative SQL database for billing/reporting, Neosphere online client sign-up pages plus onsite application and troubleshooting training.

PART I-ITEM 1. BUSINESS
PRODUCTS AND SERVICES, CONTINUED

NEOSPHERE DB(TM)

A turnkey online account management system, Neosphere DB (database) provides businesses with the back office processing capabilities to set up, invoice and maintain Internet clients using applications powered by HyperFeed market data. Part of HyperFeed's unique Neosphere solution, Neosphere DB was designed to interface with an existing back office. Features include: complete account administration, reporting and online billing, easy sorting and searching capabilities, database capacity for unlimited records. Neosphere DB allows for access from multiple locations through its browser-based software and makes it easy to configure and customize client data.

PCQUOTE.COM - WEB SITE

WWW.PCQUOTE.COM

Our free Web site, www.pcquote.com, provides access to delayed quotes, news, research and analytical tools and a broad range of financial information to empower the individual investor. The site also serves as the primary marketing and promotions engine for the rest of the services we provide. www.pcquote.com provides the following tools and information:

Free Delayed Quote Tools Powered by HyperFeed:

- Detailed Quote allows investors to request equity, commodity, option, mutual and money market fund and bond quotations by ticker search.
- Multiple Quote allows users to enter up to five ticker symbols into the query at one time.
- Portfolio enables users to track up to five portfolios of up to ten symbols each.
- Markets at a Glance provides a basic overview of various market indices, including the current position of the index as well as its net change for the day.
- Detailed Indices provides a detailed list of the individual securities underlying various indices.
- Top Ten allows the user to view the top ten gainers, losers, and most active stocks on the primary exchanges in North America.
- Futures offers market quotations from various futures and commodities exchanges in a way that is intuitive to the commodities trader.
- Options Strings shows relative prices for all options for a particular security.
- Funds provides information with respect to the various mutual funds within a particular fund family.

- Symbol Search enables investors to enter a company's name and receive the matching ticker symbol.

PART I-ITEM 1. BUSINESS
PRODUCTS AND SERVICES, CONTINUED

News - provides users access to timely, original financial news and stories from a variety of sources:

- CNNfn Headlines, provided through our strategic relationship with CNNfn, gives investors access to timely, original financial and business news headlines and stories published by CNNfn.

- Wire-based news offers investors access to press releases and other wire-based news provided by COMTEX Scientific Corporation, including feeds from PR Newswire, Business Newswire, M2 Communications, and UPI Spotlights.

Research and Analysis Tools - allows users to research and analyze market quotations with tools and information:

- Stock Analysis provides investors access to three free VectorVest analysis reports per day.

- Stock Criteria Search enables the investor to run search queries on various stocks that fit user-defined investment criteria. Queries can be based on such factors as industry, price earnings ratio and dividend history.

- Charting allows investors to display historical and intra-day charts for publicly traded securities and all major indices.

- Earnings Analysis and Reporting Tools gives consensus earnings estimates and other earnings-related reports.

- Research Reports gives analysts recommendations and in-depth analysis and commentary from multiple sources.

- Corporate Profiles gives investors access to corporate profiles for most publicly traded companies.

- The IPO Resource Center gives investors the ability to research new initial public offerings (IPOs), monitor the post-offering performance of IPOs, search filings made with the SEC and receive news stories about upcoming IPOs.

PCQUOTE.COM - REAL-TIME INVESTMENT TOOLS

MARKETSMART

Our subscription-based Web site, www.marketsmart-real.pcquote.com, provides real-time, snapshot market quotations along with all of the news, research, and analytical tools available on www.pcquote.com. This site is targeted toward a more sophisticated investor than is www.pcquote.com.

www.marketsmart-real.pcquote.com uses sparse graphics, text indices, and creative advertising to speed download times and gives investors faster access to the site's content. www.marketsmart-real.pcquote.com can be accessed from www.pcquote.com.

PART I-ITEM 1. BUSINESS
PRODUCTS AND SERVICES, CONTINUED

PCQUOTE ORBIT(R)

PCQuote Orbit provides our subscribers with streaming, real-time market quotations delivered via an Internet-enabled desktop service. This Internet-enabled desktop application allows users access to streaming real-time quotes and more complex research and analytical tools.

PCQuote Orbit offers desktop versions of the quote tools available on www.pcquote.com. These applications are similar to those offered on our Web sites, but work with our streaming, real-time data. In addition, the following tools are also offered:

- Quote Grid enables investors to enter into a grid hundreds of ticker symbols for which they desire to receive market quotations, such as high, low, bid, ask, last and close prices.

- Charting provides high-end, tick-by-tick technical analysis.

- Scrolling Ticker enables investors to display current prices and daily changes of selected stocks on a digital ticker tape that scrolls across a user's screen.

PCQUOTE 6.0, A REALTICK PRODUCT

PCQuote 6.0 RealTick is a professional-quality, Nasdaq level II, real-time quote system that offers investors reliable, streaming real-time market data for all North American equities and options. PCQuote 6.0 empowers sophisticated investors by giving them the freedom to decide how and when to trade on a daily basis. This service is online-trading enabled and offers access to order execution through participating broker-dealers.

PCQuote 6.0 includes the same analytical tools as PCQuote Orbit, plus the following:

- Nasdaq Level II Screens provides investors with access to brokerage quotations.

- Technical Analysis enables subscribers to make use of a host of technical analysis formulas through robust algorithms.

- Market Guide provides access to a company's financial and other corporate information, such as income statements, balance sheets and contact information.

- News allows investors to research companies through the printed media. This service is provided by Dow Jones and COMTEX. These news stories can be accessed via a scrolling headline ticker or by keyword search of the database.

- Alarms enables users to set customizable alarms or alerts for one or more stocks with a variety of parameters, such as volume, price, highs and lows.

PROSUITE 2000i FROM TRADESTATION TECHNOLOGIES

TradeStation Technologies (formerly Omega Research) offers a variety of sophisticated analytics applications within its ProSuite package, powered by HyperFeed market data, over the Internet. ProSuite applications are used primarily by professional and individual investors for technical analysis and charting.

PCQUOTE.COM - WEB SOLUTIONS

WEB TEMPLATES

Web Templates allows clients to create their own "private label" Web sites with many of the features of our own Web sites. These templates are created, hosted and maintained by us. Web Templates includes a variety of quote tools, both delayed and real-time, as well as a variety of news and research and analytical tools from our third-party vendors.

We offer companies and Web sites access to our delayed or real-time data. Utilizing standard templates, the actual Web pages that house the data applications are hosted at PCQuote.com and accessed by the client through a simple series of links over the Web. Similar to www.pcquote.com, our clients are able to offer the following tools: Detailed Quote, Multiple Quote, Portfolio, Markets at a Glance, Detailed Indices, Top Ten and Option Strings. We also offer access to third-party research and analysis.

HYPERSCRIPT

HyperScript is a proprietary development tool used to create data-rich Web sites and Internet-based market data applications. HyperScript allows business-to-business clients to develop their own data applications using HyperFeed data. Utilizing standard development techniques to access data and present it on third-party Web sites, HyperScript makes development of complex data applications a simple task. Customers can purchase HyperScript for either limited or unlimited access to data.

PATENTS, TRADEMARKS AND LICENSES

We do not have patent protection for our proprietary software. Although applicable software is readily duplicated illegally by anyone having access to appropriate hardware, we attempt to protect our proprietary software through license agreements with our customers and common law trade secret protection and non-disclosure contract provisions in our agreements with our employees. We use security measures, including a hardware key, which restricts access to our services unless proper password identification from a HyperFeed or PCQuote.com user is provided. As an additional safeguard, we provide only the object code on our diskette and retain the source code.

- HyperFeed(R)is a registered trademark of HyperFeed Technologies.
- HyperServer(TM)is a trademark of HyperFeed Technologies.
- HyperFeed SmarTicker(TM)is a trademark of HyperFeed Technologies.
- Apogee(TM)is a trademark of HyperFeed Technologies.

- It's All About the Data(TM)is a trademark of HyperFeed Technologies.
- Neosphere(TM)is a trademark of HyperFeed Technologies.
- Neosphere DB(TM)is a trademark of HyperFeed Technologies.
- PCQuote.com(TM)is a trademark of PCQuote.com.
- PCQuote Orbit(TM)is a trademark of PCQuote.com.

PART I-ITEM 1. BUSINESS

COMPETITION

The market for the on-line provision of financial information such as equities, commodities, futures and options quotations and news through services and software applications similar to those we provide includes a large number of competitors and is subject to rapid change. We believe our primary competitors include Reuters, Bloomberg, Bridge Information Systems, the ILX unit of Thomson Corporation, the Comstock unit of Standard & Poors, and Data Broadcasting Corporation. Many of these competitors have significantly greater financial, technical and marketing resources and greater name recognition than we do.

SEASONALITY

We have not experienced any material seasonal fluctuations in our business. Barring any prolonged period of investor inactivity in trading securities, we do not believe that seasonality is material to our business activities.

RESEARCH AND DEVELOPMENT

Our systems development personnel expend their time and effort developing new software programs and high-speed data delivery systems and expanding or enhancing existing ones. Development efforts focus on providing a solution to the informational and analytical needs of both the professional and private investors. Development activity has increased with the implementation of high-level design and prototyping tools. Our investment in software development consists primarily of:

- enhancements to our existing Windows-based private network and Internet services;

- development of new data analysis software and programmer tools; and

- application of new technology to increase the data volume and delivery speed of our distribution system.

During the fiscal years ended December 31, 2000, 1999, and 1998, we expensed $1,794,228, $1,070,346, and $634,884, respectively, for research and development.

ENVIRONMENT

Compliance with Federal, state, and local provisions with respect to the environment has not had a material adverse effect on our capital expenditures, earnings, or competitive position.

EMPLOYEES

As of December 31, 2000, we employed 92 people and PCQuote.com employed 33 people, none of whom are represented by a collective bargaining unit. We believe we have a satisfactory relationship with our employees. From time to time, we use the services of outside consultants on an hourly basis.

GOVERNMENT CONTRACTS

We have no material contracts with the Government.

BACKLOGS

Due to the nature of our business, backlogs are not a typical occurrence in our industry.

PART I-ITEM 1. BUSINESS

MAJOR CUSTOMERS

Revenues from AB Watley, our largest customer, represent approximately 21% of the Company's consolidated revenues in 2000. We did not have any customers that accounted for 10% or more of consolidated revenue in either 1999 or 1998.

ITEM 2. PROPERTIES

Our executive offices and primary data center are located in approximately 15,000 square feet of leased space on the 3rd floor of 300 South Wacker Drive, Chicago, Illinois. The lease for the premises expires on December 31, 2004. Lease payments are subject to escalating base rent as well as adjustment for changes in real estate taxes and other operating expenses. (See Note 7 of the Notes to Consolidated Financial Statements.)

We also lease approximately 11,000 square feet of office space at two sites in Aurora, Illinois, through March 2005. The lease for 3,000 square feet of office space in New York City expires in July 2002. (See Note 7 of the Notes to Consolidated Financial Statements.)

ITEM 3. LEGAL PROCEEDINGS

GRAHAM R. CLARK V. PC QUOTE INCORPORATED (HYPERFEED) 1999 C 559, High Court of Justice, Queens Bench Division, London. This lawsuit was filed on May 10, 1999. It claimed breach of a November 18, 1992 Marketing Agreement entered into between the plaintiff and PC Quote (UK) Limited (a former subsidiary). Mr. Clark claimed approximately $800,000 in damages and sought his attorney's fees and costs. We filed a counterclaim for approximately $100,000 in receivables owed by Mr. Clark to us. The legal proceedings were satisfactorily resolved by settlement in October 2000. The settlement did not have a material effect on our financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

On September 23, 1999, our common stock commenced trading on the Nasdaq National Market under the symbol "HYPR." Prior to that date, our common stock was traded on the American Stock Exchange under the symbol "PQT."

The following tables show for 2000 and 1999 the high and low sales prices of our common stock for the periods indicated, as reported by the American Stock Exchange (through September 22, 1999) and the Nasdaq National Market (from September 23, 1999 through December 31, 2000).

PART II-ITEM 5.
MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS, CONTINUED

2000 QUARTERLY INFORMATION	HIGH	LOW
First	10-1/4	4-1/2
Second	6-17/32	2-3/4
Third	4-15/16	2-1/4
Fourth	3-1/8	1-13/32

1999 QUARTERLY INFORMATION	HIGH	LOW
First	11-7/8	1-7/8
Second	15-1/2	6-1/2
Third	11-1/2	4-5/16
Fourth	8-5/16	4-1/8

As of January 31, 2001, we had 505 stockholders of record of our common stock.

DIVIDEND POLICY

We have not paid dividends on our common stock and do not currently plan to do so in the near future. In December 1998, we issued preferred stock that has a dividend rate of 5%. Preferred dividends are payable if, and when, we declare a dividend payment. We have not, and currently do not plan in the near future, to declare any preferred dividend payments. Preferred dividends are cumulative and the entire accumulated dividend must be paid prior to the payment of any dividends to common stockholders. The accumulated preferred dividend was $689,000 at December 31, 2000.

ITEM 6. SELECTED FINANCIAL DATA

	2000	1999	1998	1997
INCOME DATA:				
Net revenue	$ 46,446,887	$ 33,128,059	$ 23,045,533	$ 17,119,372
Operating income (loss)	$ 1,875,851	($ 9,352,153)	($ 4,699,426)	($ 8,920,726)
Income (loss) before minority interest and income taxes	$ 1,756,116	($ 9,511,228)	($ 6,445,595)	($11,135,654)
Net income (loss)	$ 1,723,156	($ 9,431,698)	($ 6,449,208)	($11,141,416)
Net income (loss) available for common stockholders	$ 1,723,156	($ 9,431,698)	($ 7,468,146)	($11,141,416)

BALANCE SHEET DATA:

Total assets	$ 14,326,260	$ 15,295,184	$ 10,053,367	$ 10,536,448
Long term obligations	$ 667,183	$ 2,290,511	$ 921,781	$ 2,833,734
Stockholders' equity	$ 6,692,535	$ 4,597,633	$ 2,915,271	$ 66,329
PER SHARE DATA:				
Basic net income (loss)	$0.11	($0.63)	($0.57)	($1.33)
Diluted net income (loss)	$0.08	($0.63)	($0.57)	($1.33)

13

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION - SAFE HARBOR DISCLOSURE

The following discussion and analysis contains historical information. It also contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, particularly in reference to statements regarding our expectations, plans and objectives. You can generally identify forward-looking statements by the use of the words "may," "will," "expect," "intend," "estimate," "anticipate," "believe," or "continue," or similar language. Forward-looking statements involve substantial risks and uncertainties. You should give careful consideration to cautionary statements made in this discussion and analysis. We base our statements on our current expectations. Forward-looking statements may be impacted by a number of factors, risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Our filings with the Securities and Exchange Commission identify factors that could cause material differences. Among these factors are our ability to:

(i) fund our current and future business strategies either through continuing operations or external financing;
(ii) attract and retain key employees;
(iii) compete successfully against competitive products and services;
(iv) maintain relationships with key suppliers and providers of market data; and
(v) respond to the effect of economic and business conditions generally.

RECENT BUSINESS DEVELOPMENTS

PCQUOTE.COM AND HYPERFEED LAUNCH MERCENARY SOFTWARE

On February 28, 2001, PCQuote.com and HyperFeed announced the availability of Mercenary software. A "day-of execution tool", Mercenary is a real-time tick-by-tick technical indicator that can help traders decide when to pull the trigger. A technical analysis tool that monitors stock activity, Mercenary identifies trading opportunities and visually depicts a selected equity's momentum. Investors can input a selection of stocks (up to 50 ticker symbols per screen) and, at a glance, decide whether to buy or sell, or just keep a pulse on a market segment or specific issue's condition. Exclusively available to online investors through PCQuote.com, Mercenary is also available to financial institutions, Web portals and businesses through HyperFeed.

RESULTS OF OPERATIONS FOR 2000 COMPARED TO 1999

Total revenue increased $13.3 million, or 40.2%, to $46.4 million in 2000 from $33.1 million in 1999. Our HyperFeed services and PCQuote.com services both posted increases in 2000 over 1999. HyperFeed service revenue increased $5.0 million, or 28.1%, to $22.7 million in 2000 from $17.7 million in 1999. Revenue growth was achieved through increases in analytics subscriptions and datafeed license fees to existing, as well as new customers, such as Charles Schwab and National Discount Brokers. Revenue from PCQuote.com services increased $8.3 million, or 54.2%, to $23.7 million in 2000 from $15.4 million in 1999. The increase is principally due to the growth of our largest customer, AB Watley, who grew from less than 10% of our revenue in 1999 to approximately 21% of our revenue in 2000.

Direct costs of services increased $4.2 million, or 16.6%, to $29.7 million in 2000 from $25.5 million in 1999. Principal components of the increase were royalties and payments to providers of market data, directly attributable to the growth of our largest customer. Amortization of software development costs remained the same at $2.4 million in 2000 and 1999. Also included in 2000 is a $1.7 million non-cash charge, versus $1.2 million in 1999, for the amortization of prepaid license fees as a result of the value assigned to the warrant issued in April 1999 to CNNFN in exchange for the three-and-a-half year license agreement with PCQuote.com.

The resulting gross margin increased $9.1 million, or 118.8%, to $16.8 million in 2000 from $7.7 million in 1999. As a percentage of revenue, gross margin increased to 36.1% in 2000 from 23.1% in 1999. The expansion in percentage gross margin is attributable to internal cost efficiencies implemented in 1999, coupled with an increased sales focus in 2000 on higher margin datafeed services.

Direct costs associated with HyperFeed services decreased $0.4 million, or 2.8%, to $12.3 million in 2000 from $12.7 million in 1999. Increases in amortization of software development costs were offset by cost-savings related to leased equipment in customer service and support and lower costs of datafeed operations principally due to the termination of a lease for satellite transmission space in the third quarter of 1999. Amortization of software development costs increased to $1.5 million in 2000 from $1.4 million in 1999. The resulting gross margin on HyperFeed services increased 106.0%, to $10.4 million in 2000 from $5.0 million in 1999. HyperFeed services gross margin as a percentage of HyperFeed services revenue increased to 45.7% in 2000 from 28.4% in 1999.

Direct costs associated with PCQuote.com services increased $4.6 million, or 35.9%, to $17.4 million in 2000 from $12.8 million in 1999. Increases in license and exchange fees, directly attributable to the increase in revenue, were the principal components of the increase in direct costs. Amortization of previously capitalized software development costs decreased to $0.9 million in 2000 from $1.1 in 1999. The gross margin on PCQuote.com services increased $3.8 million, or 143.5%, to $6.4 million in 2000 from $2.6 million in 1999. PCQuote.com services gross margin as a percentage of PCQuote.com services revenue increased to 26.9% in 2000 from 17.0% in 1999.

Total operating expenses decreased $2.1 million, or 12.5%, to $14.9 million in 2000 from $17.0 million in 1999. The two primary factors that contributed to the decrease were (1) the $1.4 million one-time charge in 1999 for the early termination of our old satellite distribution contract, which had the potential to run through August 2006 at a cost of $56,000 per month; and (2) the $1.8 million charge in 1999 for costs related to the PCQuote.com initial public offering that we decided not to pursue due to market conditions.

Growth related increases were experienced in sales costs, product and market development costs, and depreciation and amortization, while general and administrative expenses declined slightly.

Sales costs increased 6.7%, to $3.9 million in 2000 from $3.7 million in 1999. The increase in sales costs was directly attributable to the growth in revenue.

General and administrative expenses decreased $0.4 million, or 7.4%, to $4.9 million in 2000 from $5.3 million in 1999. The decrease was principally due to a reduction in the bad debt expense.

Product and market development costs increased $0.8 million, or 20.8%, to $4.4 million in 2000 from $3.6 million in 1999. The increase was due to an expansion of our development and marketing efforts for our existing and new services and markets.

Depreciation and amortization increased 34.8% to $1.7 million in 2000 from $1.2 million in 1999. The increase is the result of communications and computer equipment purchases for increased growth and new service offerings.

Interest expense increased to $0.2 million in 2000 from $0.1 million in 1999. Interest expense in 2000 consists of interest on our bank term loan and interest on PCQuote.com's $2.0 million borrowing from Motorola, Inc. in September 1999.

PART II - ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED

RESULTS OF OPERATIONS FOR 1999 COMPARED TO 1998

Total revenue increased $10.1 million, or 43.8%, to $33.1 million in 1999 from $23.0 million in 1998. Our HyperFeed services and PCQuote.com services both posted increases in 1999 over 1998. HyperFeed service revenue increased $4.6 million, or 35.0%, to $17.7 million in 1999 from $13.1 million in 1998. Revenue growth was experienced in license fees for our HyperFeed datafeed and fees for combined analytics and HyperFeed services. Revenue from PCQuote.com services increased $5.5 million, or 55.3%, to $15.4 million in 1999 from $9.9 million in 1998. The number of subscribers to our PCQuote.com analytical services grew to 9,800 at the end of 1999 from 6,300 at the end of 1998.

Direct costs of services increased $8.5 million, or 49.8%, to $25.5 million in 1999 from $17.0 million in 1998. Principal components of the increase were royalties and payments to providers of market data, directly attributable to the growth in subscribers, in addition to a one-time $1.0 million second quarter charge incurred in connection with the termination of our software distributor agreement with Townsend Analytics and entering into two separate new agreements between Townsend and ourselves and our subsidiary, PCQuote.com. Offsetting these increases to a degree were decreases in satellite distribution and leased equipment costs, as a result of the early termination of our old satellite distribution contract and the expiration of customer site equipment operating leases. We have a new lower-cost satellite distribution network and our customers are now purchasing their own equipment. Amortization of software development costs increased to $2.4 million in 1999 from $1.8 million in 1998. Also included in direct costs for 1999 is a non-cash charge of $1.2 million for amortization of prepaid license fees as a result of the value assigned to the warrant issued in April 1999 to CNNFN in exchange for the 3 1/2 year license agreement with PCQuote.com.

The resulting gross margin increased $1.6 million, or 26.6%, to $7.6 million in 1999 from $6.0 million in 1998. Excluding the one-time $1.0 million termination charge and the $1.2 million non-cash amortization of prepaid license fees, the gross margin increased $3.8 million, or 62.9%, to an adjusted $9.8 million in 1999 as compared to 1998. As a percentage of revenue, the gross margin was 23.1% in 1999, 29.7% excluding the one-time termination and non-cash license fee amortization, as compared to 26.2% in 1998.

Direct costs associated with HyperFeed services increased $2.2 million, or 21.4%, to $12.7 million in 1999 from $10.5 million in 1998. Increases in license and exchange fees, directly attributable to the growth in subscribers and $500,000 of the $1.0 million termination payment, and amortization of software development costs were offset to a degree by efficiencies in distribution and support operations. Amortization of software development costs increased $300,000 to $1.4 million in 1999 from $1.1 million in 1998. The resulting gross margin on HyperFeed services increased $2.3 million, or 88.2%, to $5.0 million in 1999 from $2.7 million in 1998. HyperFeed services gross margin as a percentage of HyperFeed services revenue increased to 28.4% in 1999 from 20.4% in 1998.

Direct costs associated with PCQuote.com services increased $6.2 million, or 95.3%, to $12.8 million in 1999 from $6.6 million in 1998. The significant growth we experienced resulted in corresponding increases in license fees, exchange fees and data distribution costs. Contributing to the increase was $500,000 of the $1.0 million termination payment and the $1.2 million non-cash charge for amortization related to the CNNFN warrant. Amortization of software development costs increased $400,000 to $1.1 million in 1999 from $700,000 in 1998. Consequently, gross margin on PCQuote.com services decreased $800,000, or 22.3%, to $2.6 million in 1999 from $3.4 million in 1998. Gross margin increased $900,000, or 27.9%, after excluding the effects of the non-cash amortization of prepaid license fees and the one-time termination payment.

Total operating expenses increased $6.3 million, or 58.3%, to $17.0 million in 1999 from $10.7 million in 1998. Three primary factors contributed to the increase:

- the ramp-up of operations, including the hiring of a separate management team, for our subsidiary, PCQuote.com, Inc., in contemplation of its initial public offering;

- the $1.4 million charge for the early termination of our old satellite distribution contract, which had the potential to run through August 2006 at a cost of $56,000 per month; and

- a $1.8 million charge for costs related to the initial public offering that we decided not to pursue at the current time due to market conditions.

Growth related increases were experienced in general and administrative expenses and product and market development costs, while sales costs declined slightly and depreciation and amortization remained relatively unchanged.

Sales costs decreased 4.5%, to $3.7 million in 1999 from $3.8 million in 1998. The decrease was the result of a change in our previous sales incentive compensation structure, in addition to lower support costs.

General and administrative expenses increased $2.0 million, or 58.8%, to $5.3 million in 1999 from $3.3 million in 1998. The increase reflects the addition of management personnel for our PCQuote.com subsidiary, as well as administrative personnel required to service the growth in our operations and customer base. Increases were also experienced in collection costs, in line with our revenue growth, and legal, accounting and professional consulting fees.

Product and market development costs increased $1.3 million, or 54.6%, to $3.6 million in 1999 from $2.3 million in 1998. We significantly increased personnel resources in new product development, in addition to personnel and promotional efforts to expand our PCQuote.com Web site and Internet service offerings.

Depreciation and amortization remained unchanged at $1.2 million year to year.

Interest expense decreased $1.7 million to slightly over $100,000 in 1999 from $1.8 million in 1998. The decrease is the result of the conversion of the convertible subordinated debenture and borrowings on the credit facility into equity in December 1998. Interest expense in 1999 consists of interest on our bank term loan and on PCQuote.com's $2.0 million borrowing from Motorola, Inc.

In December 1998, we converted current debt into convertible preferred stock. The maximum conversion rates for the two series of preferred stock issued were set at and above the closing market price of our common stock at the time the conversion was approved by our Board in September 1998. Stockholder approval, obtained in December, was a condition to closing the debt conversion transactions. The market price of our common stock on the closing date was slightly higher than the maximum conversion price agreed to in September. Accounting and SEC pronouncements require this differential to be treated as non-cash preferred dividends. Consequently, preferred dividends of $1,018,938 were recognized in 1998 with a corresponding increase in additional paid-in capital from the preferred stock issuance.

17

PART II - ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED

LIQUIDITY AND CAPITAL RESOURCES

Net cash and cash equivalents increased $1.1 million to $2.5 million at the end of 2000 from the end of 1999. Expenditures for property and equipment were $2.1 million in 2000, an increase of $0.5 million over 1999. We spent approximately $0.4 million to build out new office facilities at our expanded Aurora, Illinois location. Other expenditures were for equipment to support the growth in our business, as well as to improve our communications, processing and distribution networks and infrastructure. Capitalized software costs of $1.3 million were $0.1 million, or 4.7%, higher for the year ended December 31, 2000, compared to the prior year, principally due to the development of new applications and services to be introduced in 2001. There were no new direct borrowings during 2000, and we repaid $0.3 million of the principal balance on our bank term loan and $0.8 million on our note payable to Motorola, Inc. We received approximately $0.4 million in net proceeds from the sale of shares of common stock to employees pursuant to our Employee Stock Purchase Plan and the sale of shares of common stock to employees who exercised options previously granted to them under our 1999 Combined Incentive and Non-Statutory Stock Option Plan.

Total revenue increased $13.3 million, or 40.2%, to $46.4 million in 2000 versus $33.1 million for the 1999 period, while direct costs of services increased 16.6% to $29.7 million versus $25.5 million in 1999. The resulting gross margin increased 118.8% to $16.8 million in 2000 from $7.7 million in 1999. As a percentage of revenue, the gross margin was 36.1% in 2000 as compared to 23.1% in 1999. Given anticipated increases in the number of investors trading online and the expected demand for financial market data, we expect continued growth in revenue, gross margin and net income.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased to a positive $7.7 million in 2000 from a $4.5 million EBITDA deficit in 1999. Reducing EBITDA by capitalized software development costs and equipment purchases resulted in positive cash flows, before working capital and financing activities, of $4.3 million in 2000 as compared to a deficit of $7.2 million in 1999. We believe our existing capital resources, cash generated from continuing operations, and our ability to access external capital, if necessary, are sufficient for working capital purposes.

As we have previously reported, we have explored multiple alternatives that may be available for the purpose of enhancing stockholder value, including a merger, a spin-off or sale of part of our business, a strategic relationship or joint venture with another technology or financial services firm and equity financing. We continue to explore opportunities to enhance stockholder value.

EFFECT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

During 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, which is effective for all fiscal years beginning after June 15, 2000. SFAS No. 133 establishes a comprehensive standard for the recognition and measurement of derivative instruments and hedging activities. The Company does not expect the adoption of the new standard to have a material effect on its financial position, liquidity, or results of operations.

OTHER

We do not believe general inflation materially impacts our sales and operating results. We do not expect that current tax legislation will significantly affect our future financial position, liquidity or operating results.

At December 31, 2000, we had federal income tax net operating loss carryforwards of approximately $28,175,000 for federal income tax purposes and approximately $26,519,000 for the alternative minimum tax. The net operating loss carryforwards will expire, if not previously utilized, as follows: 2001: $1,539,000; 2002: $560,000; 2003: $79,000; 2004: $576,000; 2005: $1,557,000; 2006: $301,000 and thereafter $23,563,000. (See Note 6 of the Notes to Consolidated Financial Statements.)

18

PART II - ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, CONTINUED

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have a bank term loan that has an interest rate equal to the bank's prime rate. PCQuote.com has a promissory note that has an interest rate equal to the prime rate announced in the Wall Street Journal. We are exposed to market risk as the prime rate is subject to fluctuations in the market. We do not believe the market risk is material to our financial statements. At December 31, 2000, we had excess cash invested in a money market account. We do not expect any material loss, if at all, on this investment.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Pursuant to Rule 12b-23 under the Securities Exchange Act of 1934, the information called for by this Item is incorporated herein by reference to the "Table of Contents" that appears elsewhere in this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AND FINANCIAL DISCLOSURE

There have been no changes in or disagreements with accountants that would require disclosure in this Report.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Information about HyperFeed directors and executive officers will be included in our proxy statement for our 2001 annual meeting of stockholders. This information is incorporated by reference to that proxy statement.

ITEM 11. EXECUTIVE COMPENSATION

Information about HyperFeed executive compensation will be included in our proxy statement for our 2001 annual meeting of stockholders. This information is incorporated by reference to that proxy statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information about security ownership of certain beneficial owners and management will be included in our proxy statement for our 2001 annual meeting of stockholders. This information is incorporated by reference to that proxy statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information about certain relationships and related transactions will be included in our proxy statement for our 2001 annual meeting of stockholders. This information is incorporated by reference to that proxy statement.

19

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

Our consolidated financial statements are included in Item 8 of this report.

2. Financial Statement Schedule

The consolidated financial statement schedule for the valuation and qualifying accounts is included in Item 8 of this report.

(b) REPORTS ON FORM 8-K:

There were no reports on Form 8-K filed during the fourth quarter of the period covered by this report.

(c) EXHIBITS

3(a) Articles of Incorporation of Company, incorporated by reference to Appendix B of Company's Proxy Statement dated July 2, 1987.

3(b) By-laws of the Company, as amended and restated, incorporated by reference to Exhibit 3(b) to Company's Annual Report on Form 10-K for the year ended December 31, 1987.

3(c) Certificate of Amendment, dated as of October 22, 1997, to Company's Certificate of Incorporation, incorporated by reference to Exhibit 4.12 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

3(d) Certificate of Amendment, dated as of December 18, 1998, to Company's Certificate of Incorporation, incorporated by reference to Exhibit 3(d) of the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

3(e) Certificate of Amendment, dated as of June 18, 1999, to Company's Certificate of Incorporation, incorporated by reference to Exhibit 3(e) of the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

4(a) Specimen Common Share Certificate of the Company, incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-18, Commission File No. 2-90939C.

4(b) $2,500,000 Convertible Subordinated Debenture due 2001 issued by the Company to Physicians Insurance Company of Ohio, Inc., incorporated by reference to Exhibit 4(b) to Company's Annual Report on Form 10-K for the year ended December 31, 1996.

4(c) Form of First Amendment to Convertible Subordinated Debenture and Debenture Agreement, incorporated by reference to Exhibit 10.2 of the Company's Report on Form 10-Q for the quarter ended June 30, 1997.

4(d) Form of Loan and Security Agreement dated as of May 5, 1997 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 10.1 of the Company's Report on Form 10-Q for the quarter ended June 30, 1997.

4(e) Form of Promissory Note made by the Company to the order of PICO Holdings, Inc., incorporated by reference to Exhibit 10.4 of the

Company's Report on Form 10-Q for the quarter ended June 30, 1997.

4(f) Form of Common Stock Purchase Warrant for 640,000 shares of the Company's Common Stock issued to PICO Holdings, Inc., incorporated by reference to Exhibit 10.3 of the Company's Report on Form 10-Q for the quarter ended June 30, 1997.

PART IV - ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K, CONTINUED

4(g) Form of First Amendment to Loan and Security Agreement dated as of August 8, 1997 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 10.5 of the Company's Report on Form 10-Q for the quarter ended June 30, 1997.

4(h) Form of Common Stock Purchase Warrant for 500,000 shares of the Company's Common Stock issued to PICO Holdings, Inc., incorporated by reference to Exhibit 10.6 of the Company's Report on Form 10-Q for the quarter ended June 30, 1997.

4(i) Form of Second Amendment to Loan and Security Agreement dated as of September 22, 1997 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 10.1 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(j) Form of Common Stock Purchase Warrant for 129,032 shares of the Company's Common Stock issued to PICO Holdings, Inc., incorporated by reference to Exhibit 4.1 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(k) Form of Stock and Warrant Purchase Agreement dated as of October 15, 1997 between the Company and Imprimis Investors LLC and Wexford Spectrum Investors LLC, incorporated by reference to Exhibit 10.2 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(l) Form of Common Stock Purchase Warrant for 350,000 shares of the Company's Common Stock issued to Imprimis Investors LLC, incorporated by reference to Exhibit 4.2 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(m) Form of Common Stock Purchase Warrant for 150,000 shares of the Company's Common Stock issued to Wexford Spectrum Investors LLC, incorporated by reference to Exhibit 4.3 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(n) Form of Common Stock Purchase Warrant for 101,500 shares of the Company's Common Stock issued to Imprimis Investors LLC, incorporated by reference to Exhibit 4.4 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(o) Form of Common Stock Purchase Warrant for 43,500 shares of the Company's Common Stock issued to Wexford Spectrum Investors LLC, incorporated by reference to Exhibit 4.5 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(p) Form of Common Stock Purchase Warrant for 38,500 shares of the Company's Common Stock issued to Imprimis Investors LLC, incorporated by reference to Exhibit 4.6 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(q) Form of Common Stock Purchase Warrant for 16,500 shares of the Company's Common Stock issued to Wexford Spectrum Investors LLC, incorporated by reference to Exhibit 4.7 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(r) Form of Common Stock Purchase Warrant for 175,000 shares of the Company's Common Stock issued to Imprimis Investors LLC, incorporated by reference to Exhibit 4.8 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(s) Form of Common Stock Purchase Warrant for 75,000 shares of the Company's Common Stock issued to Wexford Spectrum Investors LLC, incorporated by reference to Exhibit 4.9 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(t) Form of Common Stock Purchase Warrant for 35,000 shares of the Company's Common Stock issued to Imprimis Investors LLC, incorporated by reference to Exhibit 4.10 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(u) Form of Common Stock Purchase Warrant for 15,000 shares of the Company's Common Stock issued to Wexford Spectrum Investors LLC, incorporated by reference to Exhibit 4.11 of the Company's Report on Form 10-Q for the quarter ended September 30, 1997.

4(v) Form of Third Amendment to Loan and Security Agreement dated as of December 30, 1997 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 4(v) of the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

4(w) Form of Fourth Amendment to Loan and Security Agreement dated as of February 5, 1998 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 4(w) of the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

4(x) Form of Fifth Amendment to Loan and Security Agreement dated as of March 10, 1998 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 4(x) of the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

4(y) Form of First Amendment to the Amendment of the Convertible Subordinated Debenture Agreement, dated as of March 30, 1998, incorporated by reference to Exhibit 4(a) of the Company's Report on Form 10-Q for the quarter ended March 31, 1998.

4(z) Form of Sixth Amendment to Loan and Security Agreement dated as of May 5, 1998 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 4(b) of the Company's Report on Form 10-Q for the quarter ended March 31, 1998.

4(aa) Form of Amendment No. 2 to the Amendment of the Convertible Subordinated Debenture Agreement, dated as of May 11, 1998, incorporated by reference to Exhibit 4(c) of the Company's Report on Form 10-Q for the quarter ended March 31, 1998.

4(ab) Form of Seventh Amendment to Loan and Security Agreement dated as of June 1, 1998 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 4(a) of the Company's Report on Form 10-Q for the quarter ended June 30, 1998.

4(ac) Form of Amendment No. 3 to the Amendment of the Convertible Subordinated Debenture Agreement, dated as of July 16, 1998, incorporated by reference to Exhibit 4(b) of the Company's Report on Form 10-Q for the quarter ended June 30, 1998.

4(ad) Form of Eighth Amendment to Loan and Security Agreement dated as of July 24, 1998 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 4(c) of the Company's Report on Form 10-Q for the quarter ended June 30, 1998.

4(ae) Form of Amendment No. 4 to the Amendment of the Convertible Subordinated Debenture Agreement, dated as of July 24, 1998, incorporated by reference to Exhibit 4(d) of the Company's Report on Form 10-Q for the quarter ended June 30, 1998.

4(af) Form of Ninth Amendment to Loan and Security Agreement dated as of July 31, 1998 between the Company and PICO Holdings, Inc., incorporated by reference to Exhibit 4(e) of the Company's Report on Form 10-Q for the quarter ended June 30, 1998.

PART IV - ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K, CONTINUED

4(ag) Securities Purchase Agreement between PC Quote, Inc. and PICO Holdings, Inc. and Physicians Insurance Company of Ohio dated as of September 23, 1998, incorporated by reference to Exhibit 4.1 of the Company's Report on Form 8-K dated October 6, 1998.

4(ah) Form of Registration Rights Agreement between PC Quote, Inc. and PICO Holdings, Inc. and Physicians Insurance Company of Ohio, incorporated by reference to Exhibit 4.3 of the Company's Report on Form 8-K dated October 6, 1998.

4(ai) Form of Common Stock Purchase Warrant issued to PICO Holdings, Inc., incorporated by reference to Exhibit 4.4 of the Company's Report on Form 8-K dated October 6, 1998.

4(aj) Form of First Amendment to Common Stock Purchase Warrant dated May 5, 1997, incorporated by reference to Exhibit 4.5 of the Company's Report on Form 8-K dated October 6, 1998.

4(ak) Form of First Amendment to Common Stock Purchase Warrant dated August 8, 1997, incorporated by reference to Exhibit 4.6 of the

Company's Report on Form 8-K dated October 6, 1998.

4(al) Form of First Amendment to Common Stock Purchase Warrant dated September 22, 1997, incorporated by reference to Exhibit 4.7 of the Company's Report on Form 8-K dated October 6, 1998.

4(am) Form of Second Amendment to Convertible Subordinated Debenture dated as of September 23, 1998, incorporated by reference to Exhibit 4(h) of the Company's Report on Form 10-Q for the quarter ended September 30, 1998.

4(an) Form of Stock and Warrant Purchase Agreement between PC Quote, Inc. and Howard Todd Horberg dated December 29, 1998, incorporated by reference to Exhibit 4(an) of the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

4(ao) Form of Common Stock Purchase Warrant for 120,000 shares issued to Howard Todd Horberg, incorporated by reference to Exhibit 4(ao) of the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

4(ap) Form of Stock and Warrant Purchase Agreement between PC Quote, Inc. and Steve Levy dated December 29, 1998, incorporated by reference to Exhibit 4(ap) of the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

4(aq) Form of Common Stock Purchase Warrant for 120,000 shares issued to Steve Levy, incorporated by reference to Exhibit 4(aq) of the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

4(ar) Form of Stock and Warrant Purchase Agreement between PC Quote, Inc. and Cranshire Capital, LP dated December 29, 1998, incorporated by reference to Exhibit 4(ar) of the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

4(as) Form of Common Stock Purchase Warrant for 80,000 shares issued to Cranshire Capital, LP, incorporated by reference to Exhibit 4(as) of the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

4(at) Form of Stock and Warrant Purchase Agreement between HyperFeed Technologies, Inc. and Howard Todd Horberg dated November 22, 1999, incorporated by reference to Exhibit 4(at) of the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

PART IV - ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K, CONTINUED

4(au) Form of Stock and Warrant Purchase Agreement between HyperFeed Technologies, Inc. and David Horberg dated November 22, 1999, incorporated by reference to Exhibit 4(au) of the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

4(av) Form of Common Stock Purchase Warrant for 125,000 shares issued to

Howard Todd Horberg, incorporated by reference to Exhibit 4(av) of the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

4(aw) Form of Common Stock Purchase Warrant for 10,000 shares issued to David Horberg, incorporated by reference to Exhibit 4(aw) of the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

4(ax) Form of Common Stock Purchase Warrant for 30,000 shares issued to Wildman, Harrold, Allen & Dixon, incorporated by reference to Exhibit 4(ax) of the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

10(a) Vendor Agreement with the Option Price Reporting Authority, incorporated by reference to Exhibit 10.4 of Company's Registration Statement on Form S-18, Commission File No. 2-90939C.

10(b) Vendor Agreement with the New York Stock Exchange, Inc., incorporated by reference to Exhibit 10.5 of Company's Registration Statement on Form S-18, Commission File No. 2-90939C.

10(c) Vendor Agreements with the National Association of Securities Dealers, Inc. incorporated by reference to Exhibit 10(d) of Company's Annual Report on Form 10-K for the year ended December 31, 1989.

10(d) Form of Employee Non-Disclosure Agreement, incorporated by reference to Exhibit 10.10 of Company's Registration Statement on Form S-18, Commission File No. 2-90939C.

10(e) Amended and Restated PC Quote, Inc. Employees' Combined Incentive and Non-Statutory Stock Option Plan, incorporated by reference to Appendix E to Company's Proxy Statement dated July 2, 1987 and Company's Proxy Statement dated September 15, 1997.

10(f) Lease regarding office space at 50 Broadway, New York City, dated January 31, 1987, as amended by First Amendatory Agreement dated May 18, 1987, by and between Company and 50 Broadway Joint Venture, incorporated by reference to Exhibit 10(y) to Company's Annual Report on Form 10-K for the year ended December 31, 1987.

10(g) Satellite Service Agreement dated June 12, 1991 between Company and SpaceCom Systems, Inc. incorporated by reference to Exhibit 10(r) to Company's Annual Report on Form 10-K for the year ended December 31, 1991.

10(h) Amendment to satellite service agreement dated September 6, 1991 between Company and SpaceCom Systems, Inc. incorporated by reference to Exhibit 10(s) to Company's Annual Report on Form 10-K for the year ended December 31, 1991.

10(i) Amendment to point-to-multipoint satellite network service agreement dated November 22, 1989 between Company and GTE SpaceNet Satellite Services Corporation incorporated by reference to Exhibit 10(v) to Company's Annual Report on Form 10-KSB for the year ended December 31, 1992.

10(j) Amendment to satellite service agreement dated October 4, 1993 between Company and SpaceCom Systems, Inc. incorporated by reference to Exhibit 10(z) to Company's Annual Report on Form 10-KSB for the year ended December 31, 1993.

PART IV - ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K, CONTINUED

10(k) Satellite Service Agreement dated September 15, 1994 between Company and SpaceCom Systems, Inc. incorporated by reference to Exhibit 11(a) to Company's Annual Report on Form 10-K for the year ended December 31, 1994.

10(l) Satellite Service Agreement dated October 15, 1993 between Company and SpaceCom Systems, Inc. incorporated by reference to Exhibit 11(b) to Company's Annual Report on Form 10-K for the year ended December 31, 1994.

10(m) Satellite Service Agreement dated June 1, 1993 between Company and SpaceCom Systems, Inc. incorporated by reference to Exhibit 11(b) to Company's Annual Report on Form 10-K for the year ended December 31, 1994.

10(n) Vendor Agreement with Global Information Systems Inc. incorporated by reference to Exhibit 11(d) of Company's Annual Report on Form 10-K for the year ended December 31, 1994.

10(o) Lease regarding office space at 300 South Wacker Drive, Chicago, Illinois dated June 1, 1994, by and between Company and Markborough 300 WJ Limited Partnership, incorporated by reference to Exhibit 11(e) to Company's Annual Report on Form 10-KSB for the year ended December 31, 1994.

10(p) Agreement dated November 14, 1996 between the Company and Physicians Insurance Company of Ohio, Inc., incorporated by reference to Exhibit 10(p) to Company's Annual Report on Form 10-K for the year ended December 31, 1996.

10(q) Employment agreement dated July 16, 1996 between the Company and Howard Meltzer, incorporated by reference to Exhibit 10(q) to Company's Annual Report on Form 10-K for the year ended December 31, 1996.

10(r) Employment agreement dated December 2, 1996 between the Company and Louis J. Morgan, incorporated by reference to Exhibit 10(r) to Company's Annual Report on Form 10-K for the year ended December 31, 1996.

10(s) Termination Agreement by and between Townsend Analytics, Ltd and PC Quote, Inc., dated May 28, 1999, incorporated by reference to Exhibit 10(a) of the Company's Report on Form 10-Q for the quarter ended June 30, 1999.

10(t) Software Distributor Agreement dated August 9, 1999 by and between Townsend Analytics, Ltd. and HyperFeed Technologies, Inc., incorporated by reference to Exhibit 10(a) of the Company's Report on Form 10-Q for the quarter ended June 30, 1999.

10(u)	PC Quote, Inc. 1999 Combined Incentive and Non-Statutory Stock Option Plan, incorporated by reference to Exhibit 10(u) of the Company's Annual Report on Form 10-K for the year ended December 31, 1999.
21	Subsidiaries of Registrant: PCQuote.com, Inc., incorporated in the State of Delaware.
23	Consent of KPMG LLP.

25

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HYPERFEED TECHNOLOGIES, INC.

By: /s/ JIM R. PORTER

Jim R. Porter, Chairman of the Board and
Chief Executive Officer
March 16, 2001

By: /s/ JOHN E. JUSKA

John E. Juska, Chief Financial Officer and
Principal Accounting Officer
March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ JIM R. PORTER

Jim R. Porter, Chairman of the Board and
Chief Executive Officer
March 16, 2001

/s/ JOHN L. BORLING

John L. Borling, Director
March 16, 2001

/s/ JOHN R. HART

John R. Hart, Director
March 16, 2001

/s/ CHARLES HENRY

Charles Henry, Director
March 16, 2001

/s/ RONALD LANGLEY

Ronald Langley, Director
March 16, 2001

/s/ LOUIS J. MORGAN

Louis J. Morgan, Director
March 16, 2001

/s/ KENNETH J. SLEPICKA

Kenneth J. Slepicka, Director
March 16, 2001

26

TABLE OF CONTENTS

27

INDEPENDENT AUDITORS' REPORT

The Board of Directors
HyperFeed Technologies, Inc.:

We have audited the accompanying consolidated balance sheets of HyperFeed Technologies, Inc. and subsidiary as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2000. 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 in accordance with auditing standards generally accepted in the United States of America. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HyperFeed Technologies, Inc. and subsidiary as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP
Chicago, Illinois
March 5, 2001

HYPERFEED TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

ASSETS	2000	1999
Current Assets		
Cash and cash equivalents	$ 2,522,593	$ 1,452,186
Restricted cash equivalents	200,000	---
Accounts receivable, less allowance for doubtful accounts of: 2000: $89,724; 1999: $442,276	2,848,983	2,652,350
Prepaid license fees, current	1,680,000	1,680,000
Prepaid expenses and other current assets	235,512	244,477
TOTAL CURRENT ASSETS	7,487,088	6,029,013
Property and Equipment		
Satellite receiving equipment	282,474	436,759
Computer equipment	4,520,991	4,323,921
Communication equipment	1,243,584	1,173,595
Furniture and fixtures	194,818	263,941
Leasehold improvements	831,348	402,692
	7,073,215	6,600,908
Less: accumulated depreciation and amortization	4,247,134	4,189,766

	2,826,081	2,411,142
Prepaid license fees, net of accumulated amortization of: 2000: $2,870,000; 1999: $1,190,000	1,330,000	3,010,000
Software development costs, net of accumulated amortization of: 2000: $7,795,215; 1999: $6,890,526	2,602,283	3,775,491
Deposits and other assets	80,808	69,538
TOTAL ASSETS	$14,326,260	$15,295,184

See Notes to Consolidated Financial Statements.

F-2

HYPERFEED TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2000 AND 1999

LIABILITIES AND STOCKHOLDERS' EQUITY	2000	19
Current Liabilities		
Notes payable	$1,199,634	$1,05
Accrued satellite termination fees	399,000	55
Accounts payable	1,744,102	1,70
Accrued expenses	759,818	2,31
Accrued compensation	269,736	46
Income taxes payable	35,000	
Unearned revenue	2,559,252	2,30
TOTAL CURRENT LIABILITIES	6,966,542	8,40
Notes payable, less current portion	250,000	1,44
Accrued satellite termination fees, less current portion	225,000	62
Unearned revenue, less current portion	82,090	7
Accrued expenses, less current portion	108,264	13
Minority interest	1,829	
TOTAL NONCURRENT LIABILITIES	667,183	2,29
TOTAL LIABILITIES	7,633,725	10,69

Stockholders' Equity
Preferred stock, $.001 par value; authorized 5,000,000 shares; issued and outstanding:

Series A 5% convertible: 19,075 shares at December 31, 2000 and December 31, 1999	19	
Series B 5% convertible: 28,791 shares at December 31, 2000 and December 31, 1999	29	
Common stock, $.001 par value; authorized 50,000,000 shares; issued and outstanding: 15,756,310 shares at December 31, 2000 and 15,592,690 shares at December 31, 1999	15,756	1
Additional paid-in capital - Series A 5% convertible preferred stock	3,086,013	3,08
Additional paid-in capital - Series B 5% convertible preferred stock	4,664,891	4,66
Additional paid-in capital - common stock	25,555,214	25,18
Additional paid-in capital - convertible subordinated debenture and warrants	8,630,491	8,63
Accumulated deficit	(35,259,878)	(36,98
TOTAL STOCKHOLDERS' EQUITY	6,692,535	4,59
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 14,326,260	$ 15,29

See Notes to Consolidated Financial Statements.

HYPERFEED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

	2000	1999	
REVENUE			
HyperFeed services	$ 22,713,264	$ 17,733,813	$
PCQuote.com services	23,733,623	15,394,246	
TOTAL REVENUE	46,446,887	33,128,059	
DIRECT COST OF SERVICES			
HyperFeed services	12,337,640	12,697,106	
PCQuote.com services	17,356,548	12,774,875	
TOTAL DIRECT COST OF SERVICES	29,694,188	25,471,981	
GROSS MARGIN	16,752,699	7,656,078	
OPERATING EXPENSES			
Sales	3,924,601	3,676,887	
General and administrative	4,868,007	5,257,617	
Product and market development	4,398,116	3,640,457	
Depreciation and amortization	1,686,124	1,251,048	
Satellite and offering termination expense	---	3,182,222	

TOTAL OPERATING EXPENSES	14,876,848	17,008,231
INCOME (LOSS) FROM OPERATIONS	1,875,851	(9,352,153)
OTHER INCOME (EXPENSE)		
Interest income	77,875	50,062
Interest expense	(197,610)	(120,751)
Loss on sale of minority interest	---	(88,386)
NET OTHER EXPENSE	(119,735)	(159,075)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	1,756,116	(9,511,228)
INCOME TAXES	35,000	5,000
INCOME (LOSS) BEFORE MINORITY INTEREST	1,721,116	(9,516,228)
Minority interest	2,040	84,530
NET INCOME (LOSS)	1,723,156	(9,431,698)
Preferred dividends	---	---
NET INCOME (LOSS) AVAILABLE FOR COMMON STOCKHOLDERS	$ 1,723,156	($ 9,431,698)
Basic net income (loss) per share	$0.11	($0.63)
Diluted net income (loss) per share	$0.08	($0.63)
Basic weighted-average common shares outstanding	15,655,643	14,878,160
Diluted weighted-average common shares outstanding	21,240,018	14,878,160

See Notes to Consolidated Financial Statements.

HYPERFEED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

	Series A 5% Convertible Preferred Stock Shares	Series B 5% Convertible Preferred Stock Shares	Series A 5% Convertible Preferred Stock Amount	Series B 5% Convertible Preferred Stock Amount	Common Stock Shares
Balance at December 31, 1997	---	---	$ ---	$ ---	12,436,800
Net loss	---	---	---	---	---
Issuance of preferred stock	19,075	28,791	19	29	---
Issuance of common stock	---	---	---	---	4,735,332
Purchase and retirement of					

common stock	---	---	---	---	(2,988,949)
Value assigned to beneficial conversion feature of convertible preferred stock	---	---	---	---	---
Value assigned to employee stock options issued	---	---	---	---	---
Balance at December 31, 1998	19,075	28,791	19	29	14,183,183
Net loss	---	---	---	---	---
Issuance of common stock	---	---	---	---	1,409,507
Value assigned to PCQuote.com, Inc. warrant issued	---	---	---	---	---
Balance at December 31, 1999	19,075	28,791	19	29	15,592,690
Net income	---	---	---	---	---
Issuance of common stock	---	---	---	---	163,620
Balance at December 31, 2000	19,075	28,791	$ 19	$ 29	15,756,310

	Additional Paid-In Capital Series A Convertible Preferred	Additional Paid-In Capital Series B Convertible Preferred	Additional Paid-In Capital Common	Additional Paid-In Capital Convertible Debenture and Warrants	Accumulat Deficit
Balance at December 31, 1997	$ ---	$ ---	$17,386,591	$ 2,750,491	($20,083,1
Net loss	---	---	---	---	(6,449,2
Issuance of preferred stock	2,966,794	3,765,172	---	---	---
Issuance of common stock	---	---	5,432,571	---	---
Purchase and retirement of common stock	---	---	(2,985,960)	---	---
Value assigned to beneficial conversion feature of convertible preferred stock	119,219	899,719	---	---	(1,018,9
Value assigned to employee stock options issued	---	---	117,779	---	---
Balance at December 31, 1998	3,086,013	4,664,891	19,950,981	2,750,491	(27,551,3
Net loss	---	---	---	---	(9,431,6
Issuance of common stock	---	---	5,232,650	---	---
Value assigned to PCQuote.com, Inc. warrant issued	---	---	---	5,880,000	---
Balance at December 31, 1999	3,086,013	4,664,891	25,183,631	8,630,491	(36,983,0
Net income	---	---	---	---	1,723,1
Issuance of common stock	---	---	371,583	---	---
Balance at December 31, 2000	$3,086,013	$4,664,891	$25,555,214	$ 8,630,491	($35,259,8

See Notes to Consolidated Financial Statements.

HYPERFEED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

	2000	1999
Cash Flows From Operating Activities:		
Net income (loss)	$1,723,156	($9,431,698)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	1,686,122	1,251,048
Provision for doubtful accounts	180,000	650,000
Amortization of software development costs	2,440,131	2,447,854
Amortization of value assigned to warrant issued in lieu of license fees	1,680,000	1,190,000
Amortization of deferred discount on convertible subordinated debenture	---	---
Interest on converted debt, net of conversion costs	---	---
Common stock issued in lieu of cash compensation	---	70,204
Common stock issued in lieu of cash payments for professional fees	---	300,000
Write-off of capitalized software development costs	---	---
Compensation value assigned to employee stock options granted	---	---
Loss on sale of minority interest	---	88,399
Minority interest in loss	(2,040)	(84,530)
Changes in assets and liabilities:		
Accounts receivable	(376,633)	(1,812,211)
Restricted cash equivalents	(200,000)	---
Prepaid expenses and other current assets	8,965	(130,466)
Deposits and other assets	(11,270)	145,378
Accounts payable	34,780	(2,429,195)
Accrued expenses	(1,777,523)	2,221,517
Accrued satellite termination fees	(558,000)	1,182,000
Unearned revenue	258,957	879,425
Income taxes payable	30,000	1,839
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,116,645	(3,460,436)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(2,101,061)	(1,580,645)
Software development costs capitalized	(1,266,923)	(1,210,374)
NET CASH USED IN INVESTING ACTIVITIES	(3,367,984)	(2,791,019)
Cash Flows From Financing Activities:		
Proceeds from issuance of common stock	371,746	4,863,856
Purchase and retirement of common stock	---	---
Proceeds from issuance of notes payable	---	3,500,000
Borrowings under credit facility	---	---
Principal payments on notes payable	(1,050,000)	(1,800,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(678,254)	6,563,856
Net increase in cash and cash equivalents	1,070,407	312,401
Cash and cash equivalents:		
Beginning of year	1,452,186	1,139,785
End of year	$ 2,522,593	$ 1,452,186

See Notes to Consolidated Financial Statements.

HYPERFEED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

	2000	1999
Supplemental Disclosures of Cash Flow Information:		
Interest paid	$ 251,194	$ 67,167
Income taxes paid	$ 4,378	$ 3,161
Supplemental Disclosures of Noncash Investing and Financing Activities:		
Additional paid-in capital - value assigned to PCQuote.com, Inc. warrant issued in lieu of license fees	---	$ 5,880,000
Additional paid-in capital from issuance of employee stock options	---	---
Series A preferred stock issued for converted debt	---	---
Additional paid-in capital - Series A preferred stock - from conversion of convertible subordinated debenture principal, plus accrued interest, net of conversion costs	---	---
Additional paid-in capital - Series A preferred stock - value assigned to beneficial conversion feature of preferred stock	---	---
Series B preferred stock issued for converted debt	---	---
Additional paid-in capital - Series B preferred stock - from conversion of credit facility borrowings, plus facility fee and accrued interest, net of conversion costs	---	---
Additional paid-in capital - Series B preferred stock - value assigned to beneficial conversion feature of preferred stock	---	---
Convertible subordinated debenture principal balance converted into Series A convertible preferred stock	---	---
Credit facility borrowings converted into Series B convertible preferred stock	---	---
Common stock issued in lieu of cash compensation	---	$ 70,204
Common stock issued in lieu of cash payments for professional fees	---	$ 300,000

See Notes to Consolidated Financial Statements.

F-7

HYPERFEED TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

HyperFeed Technologies, Inc. (the "Company") is a financial markets content and solutions provider servicing the business-to-business and business-to-consumer financial marketplace. We collect financial content directly from stock, options and commodities exchanges and other news and financial information sources. We provide this content with a variety of optional analytics packages to businesses for their internal use and redistribution to their customers over the Internet, virtual private networks, and local or wide area networks.

We use proprietary collection techniques to process financial market activity reported to us directly from equities, options, and futures and options on futures exchanges. We consolidate the information and update in real-time our data warehouse of last sale, bid/ask, time and sales, and historical prices of more than 600,000 securities and derivatives issues. The data warehouse includes information on all North American equities, equity options, major stock indices, Level 1 Nasdaq-quoted stocks, Level 2 Nasdaq market-maker quotes, mutual funds, money market funds, futures contracts and options on futures contracts. We use proprietary extraction routines and compression algorithms to create "HyperFeed", our IP Multicast digital data stream.

We disseminate HyperFeed to our customers over the Internet, as well as by satellite and digital data landlines. HyperFeed populates databases residing on computer servers at our customers' sites that are continuously and instantaneously updated. This is often referred to as "real-time streaming data" within the industry. Software applications on our customers' and their customers' computers access the HyperFeed populated databases to allow the end user to monitor securities activity and financial information on an on-going real-time basis. PCQuote.com, our majority owned subsidiary, maintains multiple servers for customers' real-time access, through Internet connections or through the World Wide Web, to equivalent institutional quality financial data without the requirement of having their own server.

We derive our revenue from license fees charged for access to HyperFeed and from license fees charged for a packaged HyperFeed plus analytical software service. Our services are used primarily for trading analysis and as a price engine for order routing, order matching, order execution, interactive voice response, and alternative trading systems. Our customer base consists primarily of financial market data redistributors: securities broker-dealers, on-line brokerage firms, portfolio managers, other financial institutions, Internet Web sites and financial portals. PCQuote.com services individual and professional investors, in addition to selling advertising space on its Web site, www.pcquote.com.

Significant accounting policies are as follows:

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of HyperFeed Technologies, Inc. (the "Company") and its subsidiary, PCQuote.com, Inc., and have been prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements include all adjustments, including the elimination of all significant intercompany transactions in consolidation, which, in the opinion of management, are necessary in order to make the financial statements not misleading.

ACCOUNTING ESTIMATES: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS: The Company considers all cash and cash investments with an original maturity of three months or less to be cash equivalents. The Company typically invests excess cash in a money market account at a financial institution which management believes has a strong credit rating.

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT: Property and equipment are stated at cost. Depreciation on owned assets is provided using the straight-line method over the following estimated useful lives: satellite receiving, computer and communications equipment: 3 to 5 years; furniture, fixtures and leasehold improvements: 5 to 10 years. Leasehold improvements are amortized over the lesser of the estimated useful lives or the terms of the respective leases. The accumulated depreciation and related property and equipment costs are removed from the respective accounts effective in the year following full depreciation.

Maintenance and repair costs are charged to earnings as incurred. Costs of improvements are capitalized. Upon retirement or disposition, the cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is included in the statements of operations.

SOFTWARE DEVELOPMENT COSTS: The Company's continuing investment in software development consists primarily of enhancements to its existing Windows-based private network and Internet services, development of new data analysis software and programmer tools designed to afford easy access to its data-feed for data retrieval and analysis purposes and application of new technology to increase the data volume and delivery speed of its distribution system and network.

Costs associated with the planning and design phase of software development, including coding and testing activities necessary to establish technological feasibility of computer software products to be licensed or otherwise marketed, are charged to research and development as incurred. Once technological feasibility has been determined, costs incurred in the construction phase of software development including coding, testing, and product quality assurance are capitalized.

Amortization commences at the time of capitalization or, in the case of a new service offering, at the time the service becomes available for use. Unamortized capitalized costs determined to be in excess of the net realizable value of the product are expensed at the date of such determination. The accumulated amortization and related software development costs are removed from the respective accounts effective in the year following full amortization.

The Company's policy is to amortize capitalized software costs by the greater of (a) the ratio that current gross revenue for a product bear to the total of current and anticipated future gross revenue for that product or (b) the straight line method over the remaining estimated economic life of the product including the period being reported on, principally three to five years. The Company assesses the recoverability of its software development costs against estimated future undiscounted cash flows. Given the highly competitive environment and technological changes, it is reasonably possible that those estimates of anticipated future gross revenue, the remaining estimated economic life of the product, or both may be reduced significantly.

FINANCIAL INSTRUMENTS: The Company has no financial instruments for which the carrying value materially differs from fair value.

INCOME TAXES: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION: The Company principally derives its revenue from service contracts for the provision of market data only ("HyperFeed license fees"), service contracts for the provision of market data together with analytical software ("Analytics license fees"), and the sale of advertising on its Web site, www.pcquote.com. Revenue from service contracts is recognized ratably over the contract term as the contracted services are rendered. Revenue from the sale of advertising is recognized as the advertising is displayed on the Web site. HyperFeed license fees and Analytics license fees for satellite and landline services are generally billed one month in advance with 30-day payment terms. License fees for Analytics on the Internet are generally paid by credit card within five days prior to the month of service. These and other payments received prior to services being rendered are classified as unearned revenue on the balance sheet. Revenue and the related receivable for advance billings are not reflected in the financial statements. Customers' deposits on service contracts are classified as either current unearned revenue, if the contract expires in one year or less, or non-current unearned revenue, if the contract expiration date is greater than one year.

HyperFeed services primarily consist of the provision of HyperFeed and HyperFeed with analytics to the business-to-business marketplace, while PCQuote.com services primarily consist of analytics service, powered by HyperFeed, to the consumer marketplace. In addition, PCQuote.com sells advertising on its Web site.

The Company adopted the provisions of Statement of Position (SOP) 97-2, Software Revenue Recognition, on January 1, 1998. SOP 97-2 specifies the following four criteria that must be met prior to recognizing revenue: (1) persuasive evidence of the existence of an arrangement, (2) delivery, (3) fixed or determinable fee, and (4) probable collection. In addition, revenue earned on software arrangements involving multiple elements is allocated to each element based on the relative fair value of the elements. When applicable, revenue allocated to the Company's software products (including specified upgrades/enhancements) is recognized upon delivery of the products. Revenue allocated to post contract customer support is recognized ratably over the term of the support and revenue allocated to service elements (such as training) is recognized as the services are performed.

COMPUTATION OF NET INCOME (LOSS) PER SHARE: The Company adopted SFAS No. 128, "Earnings Per Share," which established new methods for computing and presenting earnings per share ("EPS") and replaced the presentation of primary and fully-diluted EPS with basic ("Basic") and diluted EPS. Basic earnings per share is based on the weighted average number of shares outstanding and excludes the dilutive effect of unexercised common stock equivalents. Diluted earnings per share includes the dilutive effect of unexercised common stock equivalents. The Company had equity securities that, if exercised, would have had a dilutive effect on EPS had the Company generated income in all quarterly periods during 2000, 1999, and 1998. The dilutive effect of such securities would have been an additional 2,240,720, 9,118,000 and 225,500 weight-average shares outstanding during the years ended December 31, 2000, 1999, and 1998, respectively. As described in Note 4, CNNFN has the right to convert the value of its interest in PCQuote.com into an equivalent interest in HyperFeed in the form of HyperFeed common stock. CNNFN had not exercised its right as of December 31, 2000. For the year ended December 31, 2000, weighted-average equity securities totaling 1,941,501 were excluded from the calculations as their effect was anti-dilutive due to such securities having exercise prices in excess of the weighted-average fair value of the Company's common stock during the quarterly periods.

RECLASSIFICATIONS: Certain amounts in the consolidated financial statements have been reclassified to conform to the 2000 presentation.

NOTE 2. NOTES PAYABLE

The Company has a $1,500,000 term loan with a bank, payable in monthly installments of $25,000 plus interest at prime (9.5% at December 31, 2000). The loan is collateralized by substantially all assets of the Company. At December 31, 2000, the outstanding balance was $199,634.

On September 3, 1999, our subsidiary, PCQuote.com, Inc., borrowed $2.0 million from Motorola, Inc. The promissory note bears interest at the prime rate from time to time as announced in the Wall Street Journal (9.5% on December 31, 2000). Payments are due in eight equal installments on a quarterly basis commencing June 30, 2000 through March 31, 2002, subject to early repayment upon the closing of an initial public offering of PCQuote.com's common stock. At December 31, 2000, the outstanding principal balance was $1.3 million.

NOTE 3. TRANSACTIONS WITH AFFILIATES

On November 14, 1996, the Company entered into an agreement (the "Debenture Agreement") with Physicians Insurance Company of Ohio, ("Physicians"), a wholly-owned subsidiary of PICO Holdings, Inc. ("PICO"), which then owned approximately 30% of the Company's outstanding shares of common stock. Pursuant to the Debenture Agreement, Physicians invested $2.5 million in the Company in exchange for a Subordinated Convertible Debenture (the "Debenture") in the principal amount of $2.5 million with interest at 1% over prime. Interest was payable semiannually, beginning January 1, 1998. Physicians made the investment and the Debenture was issued on December 2, 1996. The Debenture was to mature on December 31, 2001.

On May 5, 1997, the Company and PICO entered into a Loan and Security

Agreement (the "Loan Agreement"), under which PICO agreed to make a secured loan to the Company in an aggregate principal amount of up to $1.0 million at a fixed rate equal to 14% per annum. PICO was also entitled to be paid a "facility fee" of $40,000 on the maturity date of the loan contemplated by the Loan Agreement. The principal amount was subsequently increased to $2.0 million in August 1997, $2.25 million in September 1997, and $3.25 million in July 1998. Also on May 5, 1997, in consideration of the loan by PICO to the Company, the Company issued a Common Stock Purchase Warrant (the "Warrant") to PICO entitling PICO to purchase a minimum of 640,000 shares of the Company's common stock at a price per share (the "Warrant Price") equal to the lesser of (a) the mean of the closing bid price per share for the 20 trading days preceding exercise of the Warrant or (b) $1.5625 per share (the market value of the Company's common stock on the date the Warrant was issued).

On May 19, 1998, PICO exercised a portion of one of their warrants, issued in consideration of the Loan Agreement financings, and purchased 320,000 shares of common stock of the Company for $500,000.

On September 23, 1998, the Company entered into a Securities Purchase Agreement (the "Securities Agreement"), subject to shareholder approval, with PICO and Physicians. Under the terms of the Securities Agreement, the Company and Physicians, as the holder of the Debenture in the principal amount of $2,500,000, plus accrued interest in the amount of $423,123 as of September 23, 1998, plus interest accruing at the rate of $651 per day thereafter (such principal and all accrued interest through the Closing Date, the "Debenture Balance"), and PICO, to whom the Company was indebted in the principal amount of $3,290,000, plus accrued interest in the amount of $377,742 as of September 23, 1998, plus interest accruing at the rate of $1,262 per day thereafter (such principal and all accrued interest through the Closing Date, the "PICO Indebtedness") provided for the purchase of Series A 5% Convertible Preferred Stock by Physicians through the conversion of the Debenture Balance and for the purchase of Series B 5% Convertible Preferred Stock by PICO in consideration for the cancellation of the PICO Indebtedness.

Shareholder approval of the terms and conditions of the Securities Agreement for the debt conversion and the transactions contemplated by the Securities

1,901,738

3.7
%

Paul Wahl

33,333

33,333

*

Klaus-Dieter Laidig

31,667

31,667

*

Gareth Chang

8,333

8,333

*

Ronald E.F. Codd

2,083

2,083

*

D. Kenneth Coulter

8,377

420,555

428,932

*

Jay B. Fulcher

199,999

199,999

*

Tal G. Ball

138,541

138,541

*

Carolyn V. Aver

135,999

135,999

*

Richard J. Browne

44,698

72,778

117,476

*

Christopher Wong

103,999

103,999

*

Directors and executive officers as a group (12 persons)

2,909,845

2,111,773

5,021,618

9.8
%

---

* Less than 1%.

(1) The persons named in the table above have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table. Unless otherwise indicated, the address of each of the named individuals is c/o Agile Software Corporation, 6373 San Ignacio Avenue, San Jose, CA 95119-1200.

(2) Comprises all options that are currently exercisable or will become exercisable within 60 days following August 22, 2003 by the beneficial owner.

Table of Contents

(3) Calculated on the basis of 51,335,722 shares of Common Stock outstanding as of August 22, 2003, except that shares of Common Stock underlying options exercisable within 60 days following August 22, 2003 are deemed outstanding for purposes of calculating the beneficial ownership of Common Stock of the holders of such options.

(4) Based on a Schedule 13Fs filed by Wellington Management Company, LLP with the Securities and Exchange Commission on June 30, 2003. The address of Wellington Management Company, LLP is 75 State St., Boston, MA 02109.

(5) Based on Schedule 13G filed by Ziff Asset Management entities with the Securities and Exchange Commission on February 14, 2003. The address of Ziff Asset Management is 283 Greenwich Ave., Greenwich, CT 06830.

(6) Based on Schedule 13Fs filed by J. & W. Seligman & Co. entities with the Securities and Exchange Commission on June 30, 2003. The address of J. & W. Seligman & Co. is 100 Park Ave., 8th Floor, New York, NY 10017.

(7) Based on Schedule 13G filed by The Hartford Mutual Funds entities with the Securities and Exchange Commission on February 7, 2003. The address of The Hartford Mutual Funds is 200 Hopmeadow St., Simsbury, CT 06089.

(8) Includes 51,004 shares held by Bryan D. Stolle as trustee of the Wilson E. Stolle Trust Created Under the Bryan D. Stolle Annuity Trust #1 UTA dated 8/18/99, 51,004 shares held by Bryan D. Stolle as trustee of the Jacob N. Stolle Trust Created Under the Bryan D. Stolle Annuity Trust #1 UTA dated 8/18/99, 51,004 shares held by Deborah S. Stolle as trustee of the Wilson E. Stolle Trust Created Under the Deborah S. Stolle Annuity Trust #1 UTA dated 8/18/99, 51,004 shares held by Deborah S. Stolle as trustee of the Jacob N. Stolle Trust Created Under the Deborah S. Stolle Annuity Trust #1 UTA dated 8/18/99, 560,576 shares held by Deborah Stolle and Bryan Stolle as trustees of the Bryan Stolle Family Trust, 2,000 shares held by Bryan D. Stolle as Custodian for Caroline Stolle under UCAUTMA, 2,000 shares held by Bryan D. Stolle as Custodian for Michael Pettit under UCAUTMA and 2,000 shares held by Bryan D. Stolle as Custodian for Jonathan Pavlicek under UCAUTMA.

(9) Includes 1,507,498 shares held by Mohr, Davidow Ventures IV, L.P., 349,320 shares held by Ms. Schoendorf, a director of Agile and a general partner of Mohr, Davidow Ventures, and 44,920 shares held by Ms. Schoendorf s spouse. Fourth MDV Partners, LLC is the general partner of Mohr, Davidow Ventures IV, L.P. and may be deemed to have sole voting power over such shares. Ms. Schoendorf is a member of Fourth MDV Partners, LLC and may be deemed to have shared voting power over the shares held by Mohr, Davidow Ventures IV, L.P. Ms. Schoendorf disclaims all beneficial ownership of shares held by Mohr, Davidow Ventures IV, L.P., except to the extent of her proportionate partnership interest therein. The address for Mohr, Davidow Ventures is 2775 Sand Hill Road, Building 1, Suite 240, Menlo Park, CA 94025.

Table of Contents

EXECUTIVE OFFICER COMPENSATION

Summary Compensation Table

The following table presents information for the fiscal years ended April 30, 2003, 2002 and 2001 regarding the compensation paid to our chief executive officer, each of our other four most highly compensated executive officers who were serving as executive officers as of April 30, 2003, and two former executive officers who would have been among the other four most highly compensated executive officers but for the fact that the individuals were not serving as executive officers as of April 30, 2003.

	Annual Compensation				Long Term Compensation Awards/Securities
Name and Principal Position	**Fiscal Year**	**Salary**	**Bonus (1)**	**Other Annual Compensation**	**Underlying Options**
Bryan D. Stolle	2003	$ 130,000	$	$ 234,620(2)	200,000
Chairman and Chief Executive	2002	180,000		140,000(3)	
Officer	2001	180,000	150,000		800,000
Carolyn V. Aver (4)	2003	196,528	119,283		480,000
Chief Financial Officer	2002				
	2001				
Jay B. Fulcher (5)	2003	113,636	139,756		750,000
President and Chief Operating	2002				
Officer	2001				
Christopher Wong (6)	2003	129,167	51,000		480,000
Executive Vice President,	2002				
Products and Technology	2001				
Richard J. Browne	2003	150,000	52,292		112,500
Vice President, Finance and	2002	147,500	68,033		
Administrative Operations	2001	131,250	35,000		40,000(7)
Former Executive Officers					
D. Kenneth Coulter (8)	2003	175,000	182,210		
Senior Vice President,	2002	175,000	163,485		
International Sales	2001	175,000	181,605		100,000
Tal G. Ball (9)	2003	200,000	103,383		
Senior Vice President,	2002	57,639	21,990		350,000
Customer Care	2001				

(1) Bonuses are based on performance or achievement of goals. Included herein are bonuses accrued for the fiscal year but not paid until after fiscal year end. See Report of the Compensation Committee on Executive Compensation.

(2) During the fiscal year ended April 30, 2002, we established a company travel plan for Mr. Stolle, wherein all bonuses otherwise payable to him are irrevocably allocated to pay company-approved travel expenses in excess of those covered by our travel policy (the Travel Plan). The amount of $154,620, which was attributable to bonus amounts that otherwise would have been earned by Mr. Stolle in the fiscal year ended April 30, 2003, has been allocated to the Travel Plan for the fiscal year ending April 30, 2004, together with the sum of $80,000, representing aggregate salary reductions incurred by Mr. Stolle in the fiscal year ended April 30, 2003.

(3) The amount of $120,000, which was attributable to bonus amounts that otherwise would have been earned by Mr. Stolle in the fiscal year ended April 30, 2002, was allocated to the Travel Plan for the fiscal year ended April 30, 2003, together with the sum of $20,000, representing aggregate salary reductions incurred by Mr. Stolle in the fiscal year ended April 30, 2002.

Table of Contents

(4) Ms. Aver joined Agile in May 2002, at an annual salary of $200,000.

(5) Mr. Fulcher joined Agile in October 2002, at an annual salary of $200,000.

(6) Mr. Wong joined Agile in September 2002, at an annual salary of $200,000.

(7) A total of 30,000 of these 40,000 shares were cancelled in connection with our voluntary stock option exchange program offered in the fiscal year ended April 30, 2002, for which replacement options were granted in May 2002.

(8) Mr. Coulter was not serving as an executive officer as of April 30, 2003.

(9) Mr. Ball joined Agile in January 2002, at an annual salary of $200,000. Mr. Ball was not serving as an executive officer as of April 30, 2003.

Options Granted in Last Fiscal Year

The following table sets forth certain information concerning grants of options to each of the persons named in the Summary Compensation Table above during the fiscal year ended April 30, 2003. In addition, pursuant to rules promulgated by the Securities Exchange Commission, the following table sets forth the hypothetical gains or option spreads that would exist for the options. Such gains are based on assumed rates of annual compound stock appreciation of 0%, 5% and 10% from the date on which the options were granted over the full term of the options. The rates do not represent our estimate or projection of our future Common Stock prices, and no assurance can be given that any appreciation will occur or that the rates of annual compound stock appreciation assumed for the purposes of the following table will be achieved.

						Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3)		
Name	Number of Securities Underlying Options Granted(1)	% of Total Options Granted to Employees in Fiscal 2003(2)	Exercise Price	Market Price on Date of Grant	Expiration Date	0%	5%	10%
Bryan D. Stolle	200,000(4)	2.31%	$ 5.11	$ 5.11	10/9/2012	$	$ 642,730	$ 1,628,805
Carolyn V. Aver	480,000	5.56%	6.25	6.25	5/7/2012		1,886,684	4,781,227
Jay B. Fulcher	150,000(5)	1.74%	0.01	5.11	10/7/2012	765,000	1,247,048	1,986,604
	600,000(6)	6.94%	5.11	5.11	10/7/2012		1,928,191	4,886,414
Richard J. Browne	22,500	0.26%	8.34	8.34	5/31/2012		118,012	299,066
	90,000(4)	1.04%	5.95	5.95	8/1/2012		336,773	853,449
Christopher Wong	480,000(7)	5.56%	5.11	5.11	9/9/2012		1,542,553	3,909,132
D. Kenneth Coulter								
Tal G. Ball								

(1) All options were granted under our 1995 Plan, have a ten year term, and, except as set forth below, vest over a period of five years at a rate of 20% after one year and 1/60th each month thereafter. For additional information regarding options, see Employment Contracts,

Termination of Employment and Change-in-Control Arrangements, Report of the Compensation Committee on Executive Compensation, Report of the Compensation Committee on Option Exchange and Repricing of Options and Equity Compensation Plan Information.

(2) Based on 8,639,769 shares subject to options granted to employees pursuant to our 1995 and 2000 Plans during fiscal 2003, including grants to the executive officers named in the table.

(3) The potential realizable value is calculated from the exercise price per share, assuming the market price of our Common Stock appreciates in value at the stated percentage rate, over the term of the option at the time of grant. The potential realizable value at 0% reflects the value at the grant date for option grants with exercise prices below the market price of the underlying security at the date of grant.

Table of Contents

(4) These options vest over a period of three years at a rate of 1/36th each month.

(5) Mr. Fulcher was granted an option to purchase 150,000 shares of our Common Stock with an exercise price below the market price of the underlying security on the date of grant as part of his compensation arrangement upon commencing employment with Agile. The option vests over a period of three years at a rate of 1/3rd each year.

(6) These options vest over a period of four years at a rate of 12½% after six months and 1/48th each month thereafter.

(7) These options vest over a period of five years at a rate of 10% after six months and 1/60th each month thereafter.

Aggregate Option Exercises in Last Fiscal Year and Fiscal Year-End Values

The following table provides the specified information concerning exercises of options to purchase our Common Stock in the fiscal year ended April 30, 2003, and unexercised options held as of April 30, 2003, by the persons named in the Summary Compensation Table above.

			Number of Securities Underlying Unexercised Options at April 30, 2003		Value of Unexercised In-the-Money Options at April 30, 2003(3)	
Name	**Shares Acquired on Exercise**	**Value Realized**	**Exercisable(1)**	**Unexercisable(2)**	**Exercisable(1)**	**Unexercisable(2)**
Bryan D. Stolle		$	835,241	472,859	$ 1,023,258	$ 305,001
Carolyn V. Aver			432,000	48,000	298,080	33,120
Jay B. Fulcher			750,000	39,138	2,065,877	71,623
Christopher Wong			421,293	58,707	770,966	107,434
Richard J. Browne			47,795	104,428	19,800	69,300
D. Kenneth Coulter			406,666	33,334	659,600	
Tal G. Ball			102,083	247,917		

(1) Includes 1,611,490 shares which are exercisable prior to vesting, as well as shares which are vested. Options granted before August 19, 1999 under the 1995 Stock Option Plan are generally exercisable on and after the date of grant, but, until vested, remain subject to repurchase by us for their original purchase price upon the option holder s termination of employment. Options granted after August 19, 1999 may generally only be exercised once vested. The options listed vest at various times from the date hereof through 2007.

(2) Represents shares not exercisable pursuant to the terms of the option agreements.

(3) Calculated by multiplying the difference between the exercise price and the market value of underlying securities at fiscal year end by the number of options held at fiscal year end. The market value is based on the closing price of our Common Stock on April 30, 2003 (the last trading day of the 2003 fiscal year), which was $6.94 as reported on the Nasdaq National Market.

Certain Relationships and Related Transactions

During the fiscal year ended April 30, 2003, we were not a party to any transaction or series of transactions involving $60,000 or more and in which any director, executive officer or holder of more than 5% of our capital stock had a material interest, other than the Executive Severance and Retention Plan described under Employment Contracts, Termination of Employment and Change-in-Control Arrangements above.

We have entered into indemnity agreements with certain employees, officers and directors that provide, among other things, that we will indemnify such employee, officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his or her position as an employee, officer, director or other agent with us, and otherwise to the fullest extent permitted under Delaware law and our Bylaws.

Table of Contents

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors administers Agile s executive compensation program. In this regard, the role of the Compensation Committee, which is comprised entirely of outside, non-employee directors, is to review and approve salaries and other compensation of Agile s executive officers and determine the performance-based compensation of its executive officers. The Compensation Committee also reviews and approves various other compensation policies and matters for Agile, and administers its stock option plans, including the review and approval of stock option grants to the executive officers. Limited authority to grant stock options to non-officer employees has been delegated to Mr. Stolle. The members of the Compensation Committee during the fiscal year ended April 30, 2003 were Mr. Patterson and Ms. Schoendorf.

General Compensation Philosophy

Agile s general compensation philosophy is that total compensation should vary with its performance in attaining financial and non-financial objectives and that any long-term incentive compensation should be closely aligned with the interests of the stockholders. Agile has a performance-based compensation program in which the majority of its employees not compensated on a commission basis are eligible to participate.

Total cash compensation for the majority of Agile employees, including its executive officers, consists of the following components:

Base salary; and

A variable cash component that is based on performance objectives.

In addition to encouraging stock ownership by granting stock options, Agile further encourages its employees to own Agile stock through a tax-qualified employee stock purchase plan, which is generally available to all employees. This plan allows participants to buy Agile stock at a discount to the market price with up to 10% of their salary and bonuses, subject to limits on the number and value of shares an individual may purchase.

Setting Executive Compensation

The goal of Agile s executive officer compensation policy is to attract, retain and reward executive officers who contribute to Agile s success, to align executive officer compensation with its performance and to motivate executive officers to achieve its business objectives. In setting the base salary and performance-based compensation targets for executive officers, the Compensation Committee reviews information relating to executive compensation of U.S.-based companies that it considers generally comparable to Agile. While no specific formula is used to set pay in relation to this market data, executive officer base salaries generally are slightly below the average salaries for similar positions in comparable companies. However, when Agile s business groups meet or exceed certain predetermined financial and non-financial goals, amounts paid under its performance-based compensation programs may lead to total cash compensation levels that are higher than the average salaries for such comparable positions.

The Compensation Committee has considered the provisions of Section 162(m) of the Internal Revenue Code and related Treasury Department regulations, which restrict the deductibility of compensation paid to Agile s chief executive officer and each of the four other most highly compensated executive officers holding office at the end of any year to the extent such compensation exceeds $1,000,000 for any such officer in any year and does not qualify for an exception under the statute or regulations. Income from options granted under Agile s stockholder-approved stock options would generally qualify for an exemption from these restrictions so long as the options are granted by a committee whose members are non-employee directors and have an exercise price not less than the fair market value of the shares on the date of grant. The Compensation Committee expects that these requirements will generally be satisfied to the extent consistent with Agile s compensation objectives. The Compensation Committee does not believe that, in general, other components of Agile s compensation will be likely to exceed $1,000,000 for any executive officer in the foreseeable future and therefore concluded that no

Table of Contents

further action with respect to qualifying such compensation for deductibility was necessary at this time. In the future, the Compensation Committee will continue to evaluate the advisability of qualifying its executive compensation for deductibility in full. The Compensation Committee s policy is to qualify Agile s executive compensation for deductibility under applicable tax laws to the extent consistent with its compensation objectives.

Base Salary

The Compensation Committee reviews the history of and proposals for the compensation package of each of Agile s executive officers, including base salary and performance-based compensation components.

In accordance with Agile s compensation philosophy that total cash compensation should vary with its performance as a company, the Compensation Committee establishes base salaries of Agile executive officers at levels which the Compensation Committee believes are below the average base salaries of executives in similar positions at companies considered by the Compensation Committee to be comparable to Agile, making a large part of each executive officer s total compensation dependent on his or her performance as measured through its performance-based compensation programs.

Performance-Based Compensation

Executive Officer Performance-Based Compensation. In May 2002, the Compensation Committee established individual performance-based compensation targets ranging from $60,000 to $250,000 for each of the executive officers. Performance-based compensation is awarded based on four elements, each having a 25% weighting, and include a revenue goal, a profit goal, a customer satisfaction goal, and the executive officer s individual performance and achievement of personal goals. The Compensation Committee has given the Chief Executive Officer the discretion to increase or decrease the amount otherwise payable to an executive officer, if the Chief Executive Officer determines that the individual s job performance warrants such a change. During the fiscal year ended April 30, 2003, the Compensation Committee awarded bonuses ranging between 50% and 100% of each executive officer s individual performance-based compensation target, adjusted for the amount of time the executive officer was an employee of Agile during the fiscal year.

Stock Options. The Compensation Committee strongly believes that equity ownership by executive officers provides incentives to build stockholder value and aligns the interests of executive officers with those of the stockholders, and therefore make periodic grants of stock options under the 1995 Stock Option Plan. The size of an option grant to an executive officer has generally been determined with reference to similarly sized technology companies in Agile s geographical area, the responsibilities and expected future contributions of the executive officer and previous grants to that officer, as well as recruitment and retention considerations. In the fiscal year ended April 30, 2003, the Compensation Committee did make stock option grants to executive officers; see Options Granted in Last Fiscal Year.

Chief Executive Compensation. Mr. Stolle s compensation as Chief Executive Officer for the fiscal year ended April 30, 2003 was established by the Compensation Committee in May 2002 in accordance with the guidelines described above. For the two months ended June 30, 2003, Mr. Stolle s base annual salary was $180,000. Effective July 1, 2003, Mr. Stolle s base annual salary for the remainder of the fiscal year ended April 30, 2003 was reduced to $120,000. Mr. Stolle was granted an option to purchase 200,000 shares of Agile Common Stock at an exercise price of $5.11 per share, vesting over a period of three years at the rate of 1/36th each month. Under the terms of the options granted to Mr. Stolle, if he is terminated without cause during the eighteen months following a change-in-control of Agile, then vesting of the option will accelerate by 18 months. During the fiscal year ended April 30, 2002, we established a company travel plan for Mr. Stolle, wherein all bonuses otherwise payable to him are irrevocably allocated to pay company-approved travel expenses in excess of those covered by Agile s travel policy (the Travel Plan).

The amount of $120,000, which was attributable to bonus amounts that otherwise would have been earned by Mr. Stolle in the fiscal year ended April 30, 2002, was allocated to the Travel Plan for the fiscal year ended April 30, 2003, together with the sum of $20,000,

Table of Contents

representing aggregate salary reductions incurred by Mr. Stolle in the fiscal year ended April 30, 2002. The amount of $154,620, which was attributable to bonus amounts that otherwise would have been earned by Mr. Stolle in the fiscal year ended April 30, 2003, has been allocated to the Travel Plan for the fiscal year ending April 30, 2004, together with the sum of $80,000, representing aggregate salary reductions incurred by Mr. Stolle in the fiscal year ended April 30, 2003.

COMPENSATION COMMITTEE

Nancy J. Schoendorf

Paul Wahl

19

Table of Contents

REPORT OF THE COMPENSATION COMMITTEE ON OPTION EXCHANGE

AND REPRICING OF OPTIONS

Voluntary Option Exchange Program

In October 2001, the Board of Directors considered the fact that a broad decline in the price of Agile s Common Stock had resulted in a substantial number of stock options held by its employees with exercise prices well above the recent historical trading prices of its Common Stock. Management advised the Board of Directors that employee turnover was likely to increase in part because options comprising a substantial portion of Agile s long-term employees total compensation and having exercise prices well above the then current trading price, no longer provided an effective retention incentive. In addition, management advised the Board of Directors that competing offers to its employees from other companies, including options granted to new hires at current trading prices, would be attractive.

The Board of Directors believed that (i) Agile s success in the future would depend in large part on its ability to retain a number of its highly skilled technical and managerial personnel, (ii) competition for such personnel would continue to be intense, (iii) the loss of key employees could have a significant adverse impact on Agile s business, and (iv) it would be important and cost-effective to provide meaningful equity incentives to Agile employees to improve its performance and its value for its stockholders. The Board of Directors considered granting new options to existing employees at fair market value, but recognized that the size of the option grants required to offset the decline in market price would result in significant additional dilution to stockholders and that such grants would potentially exceed the option reserve, resulting in a potential charge to earnings if the price at the time of a stockholders meeting approving an increase in that reserve was greater than the market price at the time the grants were approved. The Board of Directors recognized that an exchange of existing options with exercise prices higher than market price, for new options at market price would provide additional retention incentives to employees because of the increased potential for appreciation. Considering these factors, the Board of Directors determined it to be in Agile s best interests and its stockholders to offer to each employee who held outstanding options to purchase Agile Common Stock originally granted under its 1995 Plan, the 2000 Nonstatutory Stock Option Plan (2000 Plan), or the Digital Market, Inc. 1995 Stock Option Plan with an exercise price per share of $15.00 or more the opportunity to exchange that option for a new option to be granted to participating officers under its 1995 Plan and to all other participating option holders under its 2000 Plan. Under the exchange program, each new option would be for 75% of the number of shares subject to the exchanged option. Employees located in the United States, Canada, France, Germany, Japan, Taiwan and the United Kingdom were eligible to participate. Members of the Board of Directors and the Chief Executive Officer were not eligible to participate. The new options were granted at least six months and one day after the cancellation of old options in order to avoid adverse accounting consequences.

Under this program, on November 19, 2001, Agile accepted for exchange and cancellation options to purchase an aggregate of 3,223,003 shares of its Common Stock representing 40% of the options eligible to be tendered under the program. On May 31, 2002, Agile granted options to purchase an aggregate of 2,401,969 shares of its Common Stock to employees who tendered eligible options in the program. The exercise price per share for each of the new options was $8.34 per share, the last reported sale price of Agile Common Stock on the grant date.

Each option issued in exchange for a cancelled option will continue to vest and become exercisable for the option shares in accordance with the same vesting schedule in effect for the cancelled option. Accordingly, each new option was immediately vested and exercisable upon grant for 75% of the number of shares which would have been vested and exercisable under the cancelled option at that time and will become exercisable for the balance of the shares on the same vesting installment dates as were in effect for the cancelled option. However, the number of shares covered by each such installment will be 75% of the number of shares, which would have been subject to that installment under the cancelled option.

Table of Contents

Ten-Year Option Repricings

The table below provides certain information concerning the participation of the persons named in the Summary Compensation Table above in the option exchange program. The members of Agile s Board, including its Chief Executive Officer Bryan D. Stolle, were not eligible to participate in the program. Except for the October 2001 option exchange program, Agile has not implemented any other option repricing or option cancellation/re-grant programs.

Name and Principal Position	Date of Replacement Grant(1)	Number of Securities Underlying Options at Time of Cancellation	Number of Securities Underlying Options Received Pursuant to Exchange	Market Price of Stock at Time of Cancellation(2)	Exercise Price at Time of Cancellation	Exercise Price of Replacement Option(3)	Length of Original Option Term Remaining at Date of Cancellation (in months)
Richard J. Browne Vice President, Finance and Administrative Operations	5/31/2002	30,000	22,500	$ 14.00	$ 29.00	$ 8.34	38
Former Executive Officers							
Joseph Hage	5/31/2002	51,000	38,250	14.00	20.69	8.34	15
Senior Vice President,	5/31/2002	17,000	12,750	14.00	50.50	8.34	45
Product Development	5/31/2002	50,000	37,500	14.00	29.00	8.34	38
William R. Jamaca	5/31/2002	40,000	30,000	14.00	57.50	8.34	39
Vice President,	5/31/2002	60,000	45,000	14.00	64.00	8.34	39
Customer Services	5/31/2002	40,000	30,000	14.00	64.00	8.34	39
Gregory G. Schott Senior Vice President, Marketing and Corporate Development	5/31/2002	20,000	15,000	14.00	29.00	8.34	38

(1) The original underwater options submitted for exchange were cancelled by Agile on November 19, 2001.

(2) The market price per share of our Common Stock on November 19, 2001, the date the original underlying options were submitted for exchange and cancelled by Agile.

(3) The closing market price, as reported on the Nasdaq National Market, on May 31, 2002, the date the new options were granted.

COMPENSATION COMMITTEE

NANCY J. SCHOENDORF

PAUL WAHL

Table of Contents

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of April 30, 2003 about our Common Stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans approved by stockholders and equity compensation plans not approved by stockholders, including the 1995 Plan, the 1999 Employee Stock Purchase Plan (the Purchase Plan), and the 2000 Plan.

Plan category (1)	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(2)(3)	2,065,991	$ 10.37	4,548,836
Equity compensation plans not approved by security holders(4)	3,794,611	$ 14.82	9,518,401
Total	5,860,602	$ 13.25	14,067,237

(1) The information presented in this table excludes options to purchase 15,146 shares of our Common Stock at a weighted average exercise price of $3.70, under the Digital Market, Inc. 1995 Stock Option Plan, which were assumed pursuant to our acquisition of Digital Market, Inc.

(2) Includes 1,677,913 shares that are reserved for under the 1995 Plan. The 1995 Plan provides for an automatic share reserve increase on the first day of each fiscal year beginning on or after May 1, 2000 by an amount equal to the lesser of (a) one million shares, (b) 5% of the number of shares of Common Stock issued and outstanding on the last day of the immediately preceding fiscal year, or (c) a lesser amount of shares determined by the Board of Directors. The number of securities available for future issuance does not include the one million additional shares by which the reserve was automatically increased on May 1, 2003.

(3) Includes 2,879,653 shares that are reserved for issuance under the Purchase Plan. The Purchase Plan provides for an automatic share reserve increase each May 1 through and including May 1, 2009, by an amount equal to the lesser of (a) one million shares per year, (b) 2% of the number of shares of Common Stock that was issued and outstanding on the last day of the preceding fiscal year, or (c) a lesser amount of shares determined by the Board. We increased the reserve by 982,957 shares on May 1, 2003.

(4) Consists of options outstanding and shares available for future issuance under the 2000 Plan, the material features of which are described below.

Material Features of the 2000 Plan

As of April 30, 2003, we had reserved 19,500,000 shares of Common Stock for issuance under the 2000 Plan. The 2000 Plan is administered by the Board of Directors. It provides for the grant of nonstatutory stock options and stock issuance awards to employees (excluding officers and directors) and consultants at exercise or purchase prices determined by the Board. Options granted under the 2000 Plan generally have a 10-year term and vest at the rate of 20% of the shares on the first anniversary of the date of grant and $1/60^{th}$ of the shares monthly thereafter. Vesting will accelerate upon a change-in-control unless the successor corporation assumes the option or replaces it with a cash incentive program that preserves for the option holder the excess of the underlying shares value at the time of the transaction over the exercise price, with payment to be made over the same vesting schedule.

Table of Contents

REPORT OF THE AUDIT COMMITTEE

As of April 30, 2003, the Audit Committee consists of three directors each of whom, in the judgment of the Board, is an independent director as defined in the rules of The Nasdaq Stock Market, Inc. The Audit Committee acts pursuant to a written charter that has been adopted by the Board of Directors. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. During the last fiscal year, the Audit Committee held six meetings.

The Audit Committee oversees Agile s financial reporting process on behalf of the Board of Directors. Management is responsible for the preparation, presentation and integrity of our financial statements, and for maintaining appropriate accounting and financial reporting principles, policies, internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards, and issuing a report thereon. Members of the Audit Committee are not full-time employees of Agile and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting and auditing. It is not the duty or responsibility of the Audit Committee or its members to conduct any type of auditing or accounting review or procedure, and each member of the Audit Committee relies on the integrity of those persons and organizations within and outside Agile from whom it receives information and the accuracy of the financial and other information provided to the Audit Committee.

Among other matters, the Audit Committee monitors the activities and performance of Agile s independent auditors, including the audit scope, external audit fees, auditor independence matters and the extent to which the independent auditors may be retained to perform non-audit services. The Audit Committee has approved the engagement of PricewaterhouseCoopers LLP, Agile s independent auditors, to perform certain permitted tax-related and other non-audit services for Agile. The annual agenda for the Audit Committee includes a review of our financial statements, internal controls and audit matters. The Audit Committee meets twice each quarter with management and the independent auditors to review Agile s interim financial results, discuss the results of examinations by the independent auditors, and discuss any other topics or events that might have a significant impact on Agile s financial condition or results of operation or are the subject of discussions between management and the independent auditors. The Audit Committee is responsible for establishing procedures for the receipt, retention and treatment of complaints received by Agile regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by Agile employees, received through established procedures, of concerns regarding accounting or auditing matters.

The Audit Committee has received from the auditors a formal written statement describing all relationships between Agile and the auditors that might bear on the auditors independence consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and has discussed with the auditors any relationships that may impact their objectivity and independence, and satisfied itself as to the auditors independence.

The Audit Committee has reviewed and discussed the consolidated financial statements for the fiscal year ended April 30, 2003 with management and the independent auditors and has discussed and reviewed with the independent auditors all matters required to be discussed in accordance with Statement on Auditing Standards No. 61, as amended, Communication with Audit Committees. Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that Agile s audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended April 30, 2003.

AUDIT COMMITTEE(1)

Klaus-Dieter Laidig

Nancy J. Schoendorf

(1) Remaining Audit Committee members during the fiscal year ended April 30, 2003.

Table of Contents

COMPARISON OF STOCKHOLDER RETURN

Set forth below is a line graph comparing the cumulative total stockholder return on our Common Stock against the cumulative total return of the Nasdaq Stock Market (U.S) Index and the Nasdaq Computer & Data Processing Index between August 20, 1999 (the date our Common Stock commenced trading) and April 30, 2003. The graph and table assume that $100 was invested on August 20, 1999 in each of Agile Common Stock, Nasdaq Stock Market (U.S.) Index and the Nasdaq Computer & Data Processing Index. No cash dividends have been declared on our Common Stock. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.

Comparison of Cumulative Total Return From August 20, 1999 through April 30, 2003;

Agile Software Corporation, Nasdaq Stock Market (U.S) Index and the Nasdaq

Computer & Data Processing Index

	8/20/1999	10/31/1999	1/31/2000	4/30/2000	7/31/2000	10/31/2000	1/31/2001	4/30/2001
Agile Software Corporation	100	245.768	369.906	185.893	277.429	378.056	247.022	95.649
NASDAQ Stock Market-U.S.	100	112.060	147.622	144.815	141.920	126.749	103.668	79.302
NASDAQ Computer and Data Processing	100	120.723	167.010	143.146	136.888	129.043	100.647	78.016

	7/31/2001	10/31/2001	1/31/2002	4/30/2002	7/31/2002	10/31/2002	1/31/2003	4/30/2003
Agile Software Corporation	60.389	47.749	73.179	45.944	29.893	34.157	35.110	34.809
NASDAQ Stock Market-U.S.	76.163	63.679	72.800	63.732	50.344	50.526	50.168	55.656
NASDAQ Computer and Data Processing	72.554	58.789	69.725	54.756	45.144	48.066	47.265	50.746

Table of Contents

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, among others, to file with the Securities and Exchange Commission an initial report of ownership of our stock and reports of changes in ownership . Persons subject to Section 16 are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file. Under SEC rules, certain forms of indirect ownership and ownership of Company stock by certain family members are covered by these reporting rules. As a matter of practice, our administrative staff assists our executive officers and directors in preparing initial reports of ownership and reports of changes in ownership and in filing these reports on their behalf.

Based solely on a review of the copies of such forms furnished to us, and on written representations from certain reporting persons, we believe that during the fiscal year ended April 30, 2003, all filing requirements applicable to our executive officers, directors and more than 10% stockholders were complied with on a timely basis.

Financial Statements

Our financial statements for the fiscal year ended April 30, 2003 are included in our 2003 Annual Report to Stockholders. Copies of the annual report are being sent to our stockholders concurrently with the mailing of this proxy statement. Stockholders directly registered by name on the books of EquiServe, or holding shares in nominee name through certain brokers and banks, have been offered the opportunity to obtain this proxy statement and the annual report by accessing it in electronic form on our website instead of receiving paper copies. If you have not received or had access to the annual report, please notify our Investor Relations at 6373 San Ignacio Avenue, San Jose, CA 95119-1200 and a copy will be sent to you. Our annual report and this proxy statement are available via the Internet at *www.agile.com/investors*.

STOCKHOLDER PROPOSALS TO BE PRESENTED AT NEXT ANNUAL MEETING

We have an advance notice provision under our Bylaws for stockholder business to be presented at meetings of stockholders. This provision states that in order for stockholder business to be properly brought before a meeting by a stockholder, such stockholder must have given timely notice thereof in writing to our Secretary. A stockholder proposal to be timely must be received at our principal executive offices not less than 120 calendar days in advance of the one year anniversary of the date our proxy statement was released to stockholders in connection with the previous year s annual meeting of stockholders; except that (i) if no annual meeting was held in the previous year, (ii) if the date of the annual meeting has been changed by more than thirty calendar days from the date contemplated at the time of the previous year s proxy statement, or (iii) in the event of a special meeting, then notice must be received not later than the close of business on the tenth day following the day on which notice of the date of the meeting was mailed or public disclosure of the meeting date was made.

Proposals of stockholders intended to be presented at the next annual meeting of our stockholders must be received by us at our offices at 6373 San Ignacio Avenue, San Jose, CA 95119-1200, no later than May 7, 2004, and satisfy the conditions established by the Securities and Exchange Commission for stockholder proposals to be included in our proxy statement for that meeting.

Table of Contents

VOTING VIA THE INTERNET OR BY TELEPHONE

If you hold your shares directly registered in your name with EquiServe:

To vote by phone 1-877-PRX-VOTE, (1-877-779-8683) To vote via the Internet: www.eproxyvote.com/agil

If you hold your shares in an account with a broker or a bank that participates in the ADP Investor Communication Service program:

To vote by phone: your voting form from your broker or bank will show the telephone number to call. To vote via the Internet:

www.eproxyvote.com/agil

For Shares Directly Registered in the Name of the Stockholder. Stockholders with shares registered directly in their name with EquiServe may vote those shares telephonically by calling EquiServe at 1-877-PRX-VOTE, (1-877-779-8683) or via the Internet at *www.eproxyvote.com/agil.*

For Shares Registered in the Name of a Broker or a Bank. A number of brokers and banks are participating in a program provided through ADP Investor Communication Services that offers telephone and Internet voting options. This program is different from the program provided by EquiServe for shares registered directly in the name of the stockholder. If your shares are held in an account with a broker or a bank participating in the ADP Investor Communication Services program, you may vote those shares telephonically by calling the telephone number shown on the voting form received from your broker or bank, or via the Internet at ADP Investor Communication Services voting at *www.proxyvote.com*.

General Information for All Shares Voted Via the Internet or By Telephone. Votes submitted via the Internet or by telephone must be received by 12:00 midnight Eastern Time on October 8, 2003. Submitting your proxy via the Internet or by telephone will not affect your right to vote in person should you decide to attend the annual meeting.

The telephone and Internet voting procedures are designed to authenticate stockholders identities, to allow stockholders to give their voting instructions and to confirm that stockholders instructions have been recorded properly. Counsel has advised us that the Internet voting procedures that have been made available through EquiServe are consistent with the requirements of applicable law. Stockholders voting via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that must be borne by the stockholder.

Householding of Proxy Materials. In December 2000, the Securities and Exchange Commission adopted new rules that permit companies and intermediaries, including brokers, to satisfy the delivery requirements for proxy statements, prospectuses and annual reports with respect to two or more stockholders sharing the same address by delivering a single copy of proxy statements, prospectuses and annual reports, as the case may be, addressed to those stockholders. This process, known as householding, may mean extra convenience for stockholders and cost savings for us. If you are currently receiving multiple copies of our proxy statement and Annual Report at your address and would like to request householding of your communications, please contact your broker, or if you hold shares of Agile Common Stock in your name, you should contact EquiServe, our transfer agent, at 1-877-PRX-VOTE (1-877-779-8683), or via the Internet at *www.eproxyvote.com/agil* . Once you have elected householding of your communications, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding, and would prefer to receive a separate proxy statement and annual report, please notify your broker, direct your written request to Agile Software Corporation, Investor Relations, 6373 San Ignacio Avenue, San Jose, CA 95119-1200, or contact Investor Relations at (408) 284-4000.

26

Table of Contents

TRANSACTION OF OTHER BUSINESS

At the date of this Proxy Statement, the Board of Directors knows of no other business that will be conducted at the 2003 annual meeting of stockholders of Agile Software Corporation, other than as described in this Proxy Statement. If other matters come before the annual meeting, the persons named in the accompanying form of proxy will vote in accordance with their best judgment with respect to such matters.

By Order of the Board of Directors

Sam Laub

Secretary

San Jose, California

Dated: September 4, 2003

Table of Contents

DETACH HERE ZAGIC2

PROXY

AGILE SOFTWARE CORPORATION

PROXY FOR 2003 ANNUAL MEETING OF STOCKHOLDERS

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby authorizes Bryan D. Stolle and Carolyn V. Aver as Proxies, with full power in each to act without the other and with the power of substitution in each, to represent and to vote all the shares of stock of Agile Software Corporation that the undersigned is entitled to vote at the 2003 Annual Meeting of Stockholders of Agile Software Corporation to be held at 6373 San lgnacio Avenue, San Jose, California, at 11:00 a.m. on October 9, 2003, or at any postponement or adjournment thereof, with respect to the matters set forth on the reverse side for the proposals listed below and as more particularly described in Agile s proxy statement, receipt of which is hereby acknowledged and in their discretion upon such other matters as may properly come before the meeting.

The proxy will be voted in accordance with specifications made on the reverse side.

IF YOU DO NOT INDICATE HOW YOU WISH THIS PROXY TO BE VOTED, THE PROXYHOLDERS WILL VOTE FOR MANAGEMENT S NOMINEES FOR DIRECTOR AND FOR PROPOSAL 2 AND IN THEIR DISCRETION ON SUCH OTHER MATTERS AS ARE PROPERLY BROUGHT BEFORE THE MEETING.

SEE REVERSE SIDE	**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**	**SEE REVERSE SIDE**

Table of Contents

AGILE SOFTWARE CORPORATION

C/O EQUISERVE TRUST COMPANY N.A.

P.O. BOX 8694

EDISON, NJ 08818-8694

Voter Control Number

Your vote is important. Please vote immediately.

Vote-by-Internet		Vote-by-Telephone
1. Log on to the Internet and go to http://www.eproxyvote.com/agil	OR	1. Call toll-free 1-877-PRX-VOTE (1-877-779-8683)
2. Enter your Voter Control Number listed above and follow the easy steps outlined on the secured website.		2. Enter your Voter Control Number listed above and follow the easy recorded instructions.

If you vote over the Internet or by telephone, please do not mail your card.

DETACH HERE ZAGIC1

X **Please mark votes as in this example.**

#AGI

A vote FOR the following proposals is recommended by the Board of Directors:

To elect two directors to hold office for a three-year term or

until their respective successors are elected or appointed.

Nominees: (01) Klaus-Dieter Laidig and (02) Gareth Chang

FOR	**WITHHELD**		
••	••	••	**MARK HERE FOR ADDRESS CHANGE AND NOTE BELOW**

•• ______________________ For all nominees except as noted above

•• **MARK HERE IF YOU PLAN TO ATTEND THE MEETING**

		FOR	**AGAINST**	**ABSTAIN**
2	To ratify the selection of PricewaterhouseCoopers LLP as the Company s independent auditors for the fiscal year ending April 30, 2004	••	••	••

Please sign exactly as your name(s) appear(s) hereon. All holders must sign. If shares of stock stand on record in the names of two or more persons or in the names of husband and wife, whether as joint tenants or otherwise, both or all of such persons should sign the above proxy. If shares of stock are held of record by a corporation, the proxy should be executed by the President or Vice President and the Secretary or Assistant Secretary, and the corporate seal should be affixed thereto. Executors or administrators or other fiduciaries who execute the above proxy for a deceased stockholder should give their full title. **Please date the proxy.** Even if you are planning to attend the meeting in person, you are urged to sign and mail the proxy in the return envelope so that your stock may be represented at the meeting.

Signature: ______________________ Date __________ Signature ______________________ Date __________