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**AIS Announces Markdown Optimization Software Aimed
at Increasing Retailer Profitability**

*-- Next-generation solution uses advanced pattern recognition and artificial intelligence
technologies to improve markdown decisions and strategies --*

Boulder, CO, January 16, 2006 – Applied Intelligence Solutions, LLC (AIS) today announced MarkdownXpert™, a next-generation optimization solution to improve the productivity and quality of markdown decisions. MarkdownXpert builds on AIS’ expertise in scalable algorithm development, pattern recognition, neural network and other artificial intelligence capabilities to address each retailer’s need to “learn from” and automate best practice pricing processes to increase sales and margins.

Unlike other solutions currently on the market, MarkdownXpert utilizes advanced technologies that can accurately predict optimal markdown pricing strategies earlier in an item’s life. Existing markdown optimization solutions require performance data on a longer timescale, problematic for fashion items and new items. As a result, existing software often uses summary or category data for performance modeling. Since few items’ selling curves match the category model, the resulting markdown recommendations are not as useful. Because MarkdownXpert can use the performance of the item itself, it allows for more accurate markdown recommendations.

“In the real world, retailers rarely blindly accept markdown recommendations simply because they are ‘scientific’. Retailers use the scientific recommendations as a starting point in making final markdown decisions,” said AIS CEO Jim Dixon. “Brand strategy, item and location attributes, budgets, and retailer-specific

- more -

best practices all come into play. MarkdownXpert automatically learns and optimizes each retailer's decision-making best practices to ultimately produce the best possible results for the organization."

Going beyond existing solutions, MarkdownXpert "learns" from each retailer's best practices over time to make recommendations that reflect the way goods are most effectively marked down. Users can review the recommended markdowns, via a user-friendly interface, and then make appropriate adjustments as they see fit.

Key product features include:

- Early, Accurate Performance Analysis – Ability to make accurate pricing recommendations early in the season using each item's own performance rather than summary data
- Temporary Price Reductions – Ability to recommend temporary price reductions. Temporary price reductions can assist retailers by avoiding permanent price reductions on items with future planned promotions, minimize in-store handling costs associated with redlining or re-ticketing merchandise, and help optimize markdowns against constrained markdown budgets
- Dynamic Learning – Ability to analyze each markdown scenario in context, helping the user to make the most effective markdown decisions
- Intelligent Views – Automated assistance to help the user to see the data in the most relevant way
- Cross-divisional Budget Balancing – Help in determining how to optimize markdowns against budget to truly maximize revenue dollars and margins across the business

MarkdownXpert further offers the ability to review usage and effectiveness of a retailer's pricing decisions through powerful reporting of performance metrics. This ability helps a retailer to truly measure their pricing effectiveness to identify best practices that ultimately lead to improved financial performance. Performance management data can be shared with AIS' flagship product, AllocationXpert[®], an allocation optimization solution that learns and replicates the best-practice decisions of a retailer's leading allocators, and can also be shared across the organization to optimize other merchandising processes.

About Applied Intelligence Solutions, LLC

Applied Intelligence Solutions, LLC (AIS) offers advanced business intelligence solutions that optimize retail merchandising processes, providing firms the ability to automate and significantly improve the quality of decisions across their organizations. Improving decision quality yields significant improvements in top-line revenue, bottom-line profit and employee productivity. AIS is headquartered in Boulder, Colorado, with Research and Development facilities in Moscow, Russia. For more information visit the company's web site at www.aisllc.com.

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