



For Immediate Distribution

**MERCATOR CHOSEN BY MUTUAL OF OMAHA
TO DEPLOY HIPAA INTEGRATION SOLUTION**

Leading National Insurer to Meet Federally Mandated Guidelines Ahead of Schedule

WILTON, CT – January 8, 2002 – Mercator[®] Software, Inc. (Nasdaq: MCTR), today announced that Mutual of Omaha is deploying Mercator's HIPAA Solution to help meet the deadline for compliance with the Health Insurance Portability and Accountability Act (HIPAA). The Congressional legislation of 1996 requires healthcare companies to meet federal standards for the transaction of patient data by October 16, 2002.

A leading national insurer with over \$15 billion in assets under management, Mutual of Omaha processes 18 million claims, receives 900,000 claim status requests, and 1.1 million eligibility requests annually. To ensure that these transactions comply with the federally mandated HIPAA requirements for processing, Mutual of Omaha turned to Mercator.

Mercator's HIPAA Solution allows Mutual of Omaha to receive all HIPAA-compliant transactions from different trading partners and either transform the data for input to their backend systems or provide an integration layer to legacy applications. All this is accomplished with minimal changes to legacy systems.

The claims transactions will be received in the HIPAA-compliant format, stored in a front-end gateway (DB2) and, using Mercator translation maps, transformed to formats accepted by the legacy systems for final adjudication. The electronic eligibility and claim status request transactions will use Mercator maps to access and integrate information from legacy systems to provide a timely, accurate electronic response to providers. The pre-certification transactions are written to a queue where medical managers will use Web-enabled screens developed using Java, Style Sheets (XSL), Extensible Markup Language (XML), and Mercator's Integration Broker to scrutinize, evaluate, and provide certification responses to providers.

Terry Christensen, Mutual of Omaha's manager of Administrative Simplification, said, "We are very happy with Mercator's HIPAA Solution. Implementation is about 62 percent complete – ahead of schedule and under budget. Using the prototype that Mercator helped us to build we've processed 32,000 ANSI 837 claims in about 75 minutes and expect to be fully HIPAA compliant by the October 16, 2002, deadline."

Robert J. Farrell, president of Mercator Americas, commented, "As healthcare organizations race to figure out their HIPAA strategy, Mutual of Omaha is ahead of the curve. To gain their competitive advantage, they looked to Mercator. With more than 12 years of experience in healthcare integration, more than 1,000 healthcare customers, and the leading HIPAA solution, we are the leader when it comes to providing HIPAA-compliant solutions."

About Mercator

Mercator Software's intelligent business integration solutions unify any internal operations and connect them with partners and customers while leveraging current technology investments. Over 7,000 businesses, including more than 1,100 enterprise customers in financial services, healthcare, utilities, manufacturing, retail, and distribution, use Mercator software to maximize their performance. Additional information about Mercator (Nasdaq: MCTR) may be found at www.mercator.com.

About Mutual of Omaha

Mutual of Omaha is a full-service, multi-line provider of insurance and investment products for individuals, businesses and groups throughout the United States. Founded in 1909, Mutual of Omaha and its affiliate companies manage assets in excess of \$15 billion and are ranked among the Fortune 500. Additional information about Mutual of Omaha may be found at www.mutualofomaha.com.

Mercator is a registered trademark of Mercator Software, Inc.

Legal Notice Regarding Forward-Looking Statements

Statements in this press release that are not purely historical are forward-looking statements, including statements regarding Mercator Software's beliefs, expectations, hopes or intentions regarding the future. Forward-looking statements in this release include, but are not limited to, statements regarding the growth of the enterprise application market, the demand for the company's application integration solutions and the speed of deployment of new products, including combined Mercator e-business integration broker products. It is important to note that actual outcomes and the company's actual results could differ materially from those in such forward-looking statements. Factors that could cause actual results to differ materially include risks and uncertainties such as changes in demand for application integration or e-business integration software and the company's Mercator e-business integration broker suite of products in particular, the ability of the company to expand its international operations, the ability of the company to manage expanded global operations, the ability of the company to continue to add resellers and other distribution channels, and the success of third parties in utilizing and marketing the company's products, the Company's ability to raise financing, or seasonality in operating results. Readers should also refer to the risk disclosures outlined in the company's reports filed with the Securities and Exchange Commission. All forward-looking statements and reasons why results might differ included in this release are made as of the date hereof, based on information available to the company as of the date hereof, and the company assumes no obligation to update any such forward-looking statement or reasons why results might differ.

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