



For Immediate Distribution

**MERCATOR SELECTED BY THE PRINCIPAL FINANCIAL GROUP
FOR ENTERPRISE INTEGRATION**

*Leading Provider of Financial, Investment, and Insurance Services
Deploys Mercator Solutions for HIPAA Compliance and SWIFT Connectivity*

WILTON, CT – February 5, 2002 – Mercator® Software, Inc. (Nasdaq: MCTR), today announced that the Principal Financial Group® has selected Mercator to provide enterprise-wide integration supporting transactions in a number of key business units, including healthcare insurance, asset management, and residential mortgage.

Mercator's HIPAA Solution will help The Principal® comply 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.

The Principal processes millions of healthcare insurance claims and requests annually. Using Mercator's HIPAA Solution featuring Mercator integration technology, The Principal can receive HIPAA eligibility requests from providers and respond in the HIPAA-compliant format in less than 60 seconds.

An affiliate of Principal Capital Management, an asset management company with more than \$82.2 billion in assets under management, Invista Capital Management is using Mercator to help it comply with SWIFT messaging standards. By deploying Mercator's Financial Services Solution for SWIFT, Invista® will be able to provide trade settlement services to institutional customers with improved performance.

In addition to helping The Principal with HIPAA and SWIFT compliance, Mercator is performing a number of other mission-critical integration tasks for several business units.

- At Principal Residential Mortgage, Mercator is helping to process loans from various lenders in any data format.
- At Corporate IT, Mercator is being used to translate electronic invoices and process critical employee information via Web forms and IBM's MQSeries messaging technology.
- The Principal is also using Mercator to assist with EDI translation of pension information, including changes of address and the addition and deletion of providers.

Carl Williams, senior vice president and chief information officer at The Principal, commented: "We were looking for an enterprise-wide integration solution that could handle a number of complex integration tasks. Not only has Mercator helped us address our HIPAA and SWIFT compliance issues, but we have been able to leverage Mercator Integration Broker at a number of our business units, to provide EDI and XML translation as well as other mission-critical integration tasks."

Robert J. Farrell, president of Mercator Americas, said: "The Principal Financial Group provided Mercator with a unique opportunity to display Integration Broker's flexibility and scalability. Not only

is Mercator Integration Broker adept at handling SWIFT requirements, our industry leading HIPAA Solution also provides customers with a fast, accurate, and easy way to comply with the federally mandated HIPAA requirements. Moreover, with Mercator Integration Broker's EDI and XML translation capabilities, The Principal was able to leverage one tool for many mission-critical tasks at several business units."

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 the Principal Financial Group

The Principal Financial Group® (The Principal ®)¹ is a leader in offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance and mortgage banking through its diverse family of financial services companies. More employers choose the Principal Financial Group for their 401(k) plans than any other bank, mutual fund, or insurance company in the United States². A member of the Fortune 500, the Principal Financial Group has \$112.3 billion in assets under management³ and serves some 13 million customers worldwide from offices in Asia, Australia, Europe, Latin America and the United States. Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol PFG. Additional information about the Principal Financial Group may be found at www.principal.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.

¹ "The Principal Financial Group" and "The Principal" are registered trademarks referring to Principal Financial Group, Inc.

² *CFO* Magazine, April/May 2001, based on total plans served in 2000 by insurance companies, banks and investment firms.

³ As of September 30, 2001.

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