

For immediate release

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Telelogic, the world leader acquires Verilog, the first runner-up

Acquisition will make Telelogic the largest company in the real-time market

MALMÖ/PARIS, 22 December, 1999 – Telelogic today announced the acquisition of the French software company Verilog, wholly owned by CS Communication et Systèmes.

“We are changing the playing field dramatically,” says Anders Lidbeck, CEO and President at Telelogic. “We are strengthening our leading position in the communication market and will be the largest company in the real-time market. Telelogic’s products are of world class and we are now speeding up the development of the next generation of development tools even further.”

“Telelogic and Verilog both have a long tradition with SDL and a common technology view,” says Yazid Sabeg, chairman of CS Group. “Verilog’s products complement Telelogic’s and the products will work well together. We chose Telelogic since we believe in the company’s potential and view them as the strongest player. We also want to take part in this venture as a shareholder.”

Strengthened market position

Telelogic will, by joining forces with Verilog, create the largest and most dominant player in the communication industry with a market share of more than 50%. Telelogic will also be the dominant player in other industry segments such as automotive and aerospace with a market share of 32%.

Verilog's customers create new possibilities in two vertical segments – automotive and aerospace.

Increased sales force – double capacity in the US

Telelogic will multiply its sales force in France and double it in the US. Also in Germany the sales power will be strengthened.

Increased focus on product development

With the acquisition, the market for SDL based development tools will be consolidated. "Right now the dominating languages for real-time development and administrative systems, SDL and UML respectively, are merging." Anders Lidbeck continues. "With the acquisition, time-to-market of our next generation of development tools will be shortened and we will take a leading position that will result in Telelogic becoming the first supplier to present a product based on this new world standard."

Synergy effects

Telelogic estimates that considerable synergy effects will arise, both regarding revenue and costs. Examples of synergy effects are:

- Revenue from the next generation of development tools will occur earlier due to shorter time-to-market
- Released sales power with optimized sales activities
- Lower cost for recruitment and an increase in productivity compared to new recruitment

Value Added Reseller

CS Group will use and integrate Telelogic's products and act as a Value Added Reseller in France.

Financial terms

Payment is done with 800 000 shares and 161 147 options. The shares and options will be part of an issue for non-cash consideration, which will be conducted in January and decided upon at an extra shareholders' meeting on January 18th 2000.

Continuous expansion and new share issue

Telelogic's continued expansion will take place partly through an increased geographical presence and partly through a broadening of the operations into additional vertical industry segments. The acquisition of Verilog, that constitutes a first step in this expansion strengthens the company's presence in France, Germany and the USA. Furthermore, it adds two vertical segments, automotive and aerospace.

The continued expansion is expected to cause additional capital needs related to the organic growth as well as further strategic acquisitions outside of Europe, financed entirely or partly with cash. These potential acquisition targets consist mainly of companies, which can increase Telelogic's service offering locally in each respective market.

Information and consultation of employee representatives

Verilog's employee representatives have been informed and consulted with respect to the acquisition.

About CS Verilog S.A

Verilog, that is owned by CS Communication et Systèmes, develops and markets development tools for real time. The company has 84 employees and the estimated revenue for 1999 is 60 MFR. Verilog is headquartered in Toulouse (France) and has sales offices in Paris (France), Dallas (USA), Boston (USA), San José (USA) and Munich (Germany). Verilog's customers include companies like Alcatel, Aerospatiale, Motorola, Honeywell, Philips, Rockwell Collins, Matra Nortel, Dialogic, Bosch and Eurocopter.

Verilog develops and markets three products:

- ObjectGeode, that directly competes with Telelogic's tool family Tau.
- Scade, a development tool for safety critical systems. Scade is the result of a cooperation between Verilog, Aerospatiale and Schneider.
- Logiscope, a tool for quality metrix.

For more information about Verilog, visit www.csverilog.com

About CS Communication & Systèmes

CS Communication & Systèmes is fully devoted to turning information technologies into solutions. CS Group is centered on two core businesses :

- **Systems and networks.**
CS offers a comprehensive range of intelligent and secure solutions for integrating applications and networks. It is a balanced provider of business and technical software solutions.
- **Telecommunications Equipment**
CS is a leading european supplier of innovative multimedia solutions (multimedia network equipment for enterprises ; local loop access network equipment for telcos).

CS has a commercial presence in 50 countries and employs over 5000 people. Quoted on the Paris Stock Exchange, CS had revenues of 3,5 billions French Francs in 1998.

About Telelogic AB

Telelogic, which today has subsidiaries in ten countries, and is represented by distributors in 20 additional countries, is the market leader in development tools for real-time applications. The Company's products have been used for several years in a demanding industrial setting, where customer use is well documented. Offering high quality graphical development tools and related services makes software development faster and more reliable.

The Company has a global customer base which includes the leading suppliers, such as Alcatel, Cisco, Ericsson, Fujitsu, Hewlett-Packard, Lucent, Motorola, NEC, Nokia, Nortel Networks and Siemens, as well as a number of universities and institutions all over the world.

Software market trends point toward visual program methods, a field where Telelogic leads in the production of the next generation of development tools. After the recently implemented stock issue, the Company is well equipped to quickly deliver comprehensive solutions to the complex challenges facing the communications industry.

For more information about Telelogic, please visit www.telelogic.com.