



Press Information

For immediate release

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Telelogic closes QSS acquisition

MALMÖ, Sweden – September 12, 2000—Telelogic™ AB (Stockholm Stock Exchange: TLOG), the leading supplier of requirement, development and testing tools for real-time communication applications, has today completed the previously announced acquisition of QSS Inc. All closing conditions are now closed including approval from the American anti-trust authority, Hart-Scott-Rodino. By this, QSS Inc. is a wholly owned subsidiary of Telelogic AB.

Summary of the QSS acquisition

Telelogic strengthens its market position significantly and becomes the leading provider of requirement management and development tools for real-time applications:

- QSS has a strong presence in the US market. As a result, Telelogic will substantially increase its business and market penetration in the US.
- QSS is the world's leading provider of requirement management solutions with leading technology. As a result, Telelogic can build on its global leading position in new wireless technologies, such as 3G and Bluetooth.
- QSS has a strong customer base and partnerships with many Fortune 1,000 companies. As a result, Telelogic can provide a comprehensive and leading edge product offering to new market segments.
- QSS continues to grow and to expand its expert sales, training and support service staff. As a result, Telelogic will expand its internal employee knowledge base and company growth considerably.

Financial effects

QSS revenue 1999 was \$29.5 million, a 35% growth compared to 1998. The revenue in 2000 is expected to continue to grow at 35%. QSS is consolidated in Telelogic from September 1, 2000. With this acquisition Telelogic is increasing its growth forecast for full year 2000 to more than 160%.



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Financial terms

The agreed consideration of \$115 million based on a Telelogic share priced of 71.70 SEK and a US dollar exchange rate of 9.16 SEK has been financed with 14.7 million shares, representing 12.2% of the fully diluted stock, and \$12.5 million in cash.

The part of the consideration paid in cash (\$12.5 million) is financed by an equity issue of a total of 2.7 million shares raising \$18.5 million to the company before transaction costs.

As part of the acquisition, 8.3 million shares was placed by Enskilda Securities and Alfred Berg in an offering to institutional investors in the US and in Europe. The price offering was set at SEK 63 per share, which represents a discount of approximately 3% compared with the closing price for the Telelogic share on August 21, 2000.

After the QSS acquisition and the equity issue the total number of shares in Telelogic amounts to 125,124,296.

The shares borrowed from one of Telelogic's main shareholders, Kjell Spångberg, to facilitate the offering, will be returned as soon as the new issues referred to above have been registered with PRV, which is anticipated to take place late next week.

About Telelogic (Stockholm Stock Exchange: TLOG)

Telelogic is established in thirteen countries under its own name, and a further 20 countries through distributors. It leads the market in development environments for technical software, especially in real-time applications. By offering high quality graphical development tools and related services, Telelogic makes the development of software more rapid, less labor intensive, and more reliable.

The company has a global client base, including all the top 10 communication suppliers such as Alcatel, Cisco, Ericsson, Fujitsu, Hewlett-Packard, Lucent, Motorola, NEC, Nokia, Nortel Networks and Siemens, as well as a number of leading suppliers within automotive and aerospace.

The software market is moving towards more visual programming methods, and Telelogic leads in the production of the next generation of development tools, in this area. Telelogic is now well prepared to deliver rapid and complete solutions for the complex challenges faced by the real-time industry.

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

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