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Press Information

For immediate release

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Telelogic adds project documentation and reporting system to product portfolio

With DocExpress, Telelogic is creating a solution covering all phases of the development process

MALMÖ, December 16, 2000 – Telelogic AB (Stockholm Stock Exchange: TLOG), the world-leading supplier of solutions for real-time software development, configuration management and requirements management, announced today that it has entered into a definitive agreement to acquire all of the outstanding shares of ATA Inc. ATA's revenue is mainly generated through royalties from OEM distributors, resulting in net revenue of approximately 8 MSEK ($0,8 million). The Company has 6 employees.

"Project documentation is a small, but important part of our customers' development environment. Today we cooperate with ATA and DocExpress is integrated with parts of Telelogic Tau. Our sales force is already selling the product. With this acquisition we can increase the profit margins with a minor increase in product development costs", says Anders Lidbeck, President and CEO for Telelogic.

"To offer a fully integrated solution that covers all phases of the development process has been our ambition for a long time. We have created this by combining the best-of-breed products into a state-of-the-art solution. At the same time we have successfully combined sales and delivery resources in North America, Europe and Asia. Our forecasts for 2000 and 2001 are not affected by this acquisition, Lidbeck concludes.

"With a strong, market leading company like Telelogic, our customers will get the support they demand. Telelogic's global sales organization will make sure we get the resources we need to maintain our leading position.", says Alex Polack, founder and CEO for ATA. "We are very inspired by the possibilities Telelogic's acquisition strategy has created with the

recent acquisitions of QSS and Continuus. This opens up visions of product and data integration that will revolutionize the way project teams collaborate. We are excited to be part of this 'dream team' creating today's and tomorrow's market leading solutions for software development."

Complementary products
Telelogic develops and markets advanced software tools and components that cover most phases of the development process: configuration management, requirements, analysis, design, implementation and testing.

ATA develops and markets the product suite DocExpress used for automating project documentation production. With DocExpress, the customer can automatically combine information from different development tools and databases into dynamic reports, and highly complex standards based compliance documents. DocExpress has products that are suitable for medium to large development projects and distributed development teams.

Software for project documentation production are, like software for configuration management and requirement management, tools that Telelogic's customers use today. With DocExpress, Telelogic can provide solutions covering all phases of the development process.

Since April 2000, Telelogic has sold DocExpress as an add-on to Telelogic Tau UML Suite. This revenue accounts for approximately 15% of ATA's revenue for 2000.

Strengthened market position
ATA is strong within the telecom industry and other real-time segments like aerospace, automotive and defense. ATA's customer base include companies like Ericsson, Lucent, Ford, GM, Volkswagen, Raytheon, Boeing and Lockheed Martin.

With the acquisition of QSS in August and Continuus in October this year, Telelogic opened up new opportunities in segments for advanced software development other than real-time. ATA's solutions have successfully been used in a variety of advanced system development projects, including major wins in the business applications market. As a result, the acquisition provides a strengthened position within these new segments as well.

Future strategy
Telelogic will continue to dominate the real-time market with a focus on the leading communication suppliers. Strengthened by this acquisition, Telelogic can continue to actively build strategic partnerships with key customers in this segment. The acquisition also creates increased opportunities in markets for advanced system development outside the real-time industry. In these market segments, Telelogic will lead with CM Synergy, DOORS and DocExpress and thereby create a platform for future expansion with a robust, combined offering.

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Telelogic's strategy is to combine the best-of-breed products, which support large complex development projects with distributed development teams, into a complete solution. Telelogic can thereby be a strategic partner to the customers, taking responsibility for the whole development process. With a modular concept based on open standards, Telelogic's products can be combined into a solution that is suitable for the customer's specific technology or project, while taking advantage of tools the customer may have already deployed.

Financial effects
ATA's revenue, commissions to distributors excluded, is forecasted to 8 MSEK ($0.8 million) for year 2000. Of these, 1.5 MSEK ($153.000) is generated through Telelogic's sale of DocExpress. The acquisition will have a minor effect on Telelogic's revenue and result for 2000. Telelogic's forecasted growth of 160% remains unchanged.

The acquisition is financed through an issue for non-cash consideration. An additional payment may be made based on ATA's future performance. The maximum transaction price will dilute current shareholders by less than 0.4%.

About ATA
ATA, the leading independent maker of automated documentation tools for software development, was founded in 1988 to build products that would reduce the cost of generating, maintaining, and reusing corporate knowledge assets through robust team collaboration tools. DocEXPRESS is the flagship technology that enables that vision for companies around the world. Their products have been sold and supported by some of the largest, and most sophisticated sales forces in the industry.

About Telelogic
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 advanced 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 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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Acquisition information

More information about Telelogic and ATA can be found at www.telelogic.com.

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