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News Release

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Telelogic Closes US$1.16 Million Deal with Major U.S. Telecom Equipment Manufacturer for Tau® Generation2™

- Largest License Deal to Date for Tau Generation2 Product Line -

MALMÖ, Sweden and IRVINE, California – July 2, 2003 – Telelogic (Stockholm Exchange/TLOG), the leading global provider of solutions for advanced systems and software development, today announced that it has signed a one-year license agreement worth US$1.16 million for the Tau Generation2 family of automated development and test solutions, including Tau/Developer®, Tau/Architect®, Tau/Tester® and Tau Logiscope®. The contract, which was signed on June 30, is the single largest license deal for the Tau Generation2 product line since it was introduced in October.

"This is a breakthrough win for Tau Generation2," said Anders Lidbeck, President and CEO, Telelogic. "A deal of this magnitude for a newly released product demonstrates our customer's confidence in Telelogic and shows their satisfaction with the Telelogic products they have previously purchased."

The US$1.16 million agreement includes US$500,000 for licenses and maintenance, plus US$660,000 in services and training.

"Tau Generation2 has been very well received by the market since it was launched in October. But with sales cycles of six to nine months, previous agreements for this new product have focused on pilots for assessment and testing. Now, as with this deal, we are seeing results and anticipate selling Tau Generation2 on a larger scale," Lidbeck concluded.

Tau Generation2 is based on the UML® 2.0 standard. For the first time, with Tau Generation2, companies can deploy an integrated, multi-user visual development and test tool solution that supports and accelerates the entire application development lifecycle – from system analysis and specification to real-time software design, implementation and testing – all within the same state-of-the-art, productivity-enhancing development environment. Using models to visualize the development process, Tau Generation2 tools enable significant increases in productivity to be realized compared to labor-intensive manual programming approaches.

Tau Generation2 recently received a four-star rating by *Software Development* magazine in an extensive independent product review featured in the April 2003 issue. Four stars, out of a possible five, equates to "Great" and "Probably belongs in your shop" on the magazine's rating system. *Software Development* is published monthly and is a leading magazine for software development managers, reaching 100,840 subscribers.

About Telelogic Tau

Telelogic Tau is an integrated family of software development and testing tools based on widely accepted, standardized languages (UML and TTCN). Tau's unique visual development environment and industry-leading functionality simplifies, automates and accelerates the production of real-time and other software. Industry analyst firm VDC concluded Tau was "a leading real-time software development tool," in its 2002 report, "The Embedded Software Strategic Market Intelligence Program Volume IV: Embedded Operating Systems, Software Development Tools, Design Automation Tools, and Test Automation Tools."

About Telelogic

Founded in 1983, Telelogic® is the leading global provider of solutions for advanced systems and software development. The company's integrated best-in-class software tools, supported by professional services, enable companies to automate their entire development lifecycle, resulting in improved quality and predictability with reduced time-to-market and overall costs. To ensure interoperability with third-party tools, Telelogic's products are built on an open architecture and standardized languages. As an industry leader and technology visionary, Telelogic is actively involved in shaping the future of advanced systems and software development by participating in industry organizations like 3GPP, ETSI, INCOSE, ITU-T, MOST, OMG and others.

Headquartered in Malmö, Sweden with U.S. headquarters in Irvine, California, Telelogic has offices in 17 countries worldwide. Customers include Alcatel, BAE SYSTEMS, BMW, Boeing, DaimlerChrysler, Deutsche Bank, Ericsson, General Motors, Lockheed Martin, Motorola, NEC, Nokia, Philips, Siemens and Thales. For more information, please visit www.telelogic.com.