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## **Teleca proposes a rights issue to raise SEK 150 million to accelerate growth**

**Teleca today announces that it proposes a rights issue to raise SEK 150 million to support its ongoing transformation into a pure play provider of software development services to the world's leading wireless communications companies. The funding, which is proposed as a rights issue, is expected to support both organic growth and selected strategic acquisitions. By responding to the needs of its clients for strong out-sourcing partners capable of delivering leading edge software around wireless technologies, and capable of delivering with scale, fast response times and low cost from a global delivery platform Teleca seeks a globally leading position in its domain. The rights issue will be fully guaranteed by Symphony Technology Group.**

Over the past two years, Teleca has started a significant transformation. It has exited non-core product businesses while achieving growth and profitability in its services business. Today, Teleca is among the world's leading companies in the field of software development services for the mobile communications industry. Teleca serves leading wireless companies including Nokia, Ericsson, Motorola and Kyocera. It also sells to leading technology companies focused on the wireless industry including Microsoft, ST Microelectronics and UIQ. Teleca competes by delivering a broad capability of wireless technology, including services for most of the leading software platforms in the industry. The company has substantial resources committed to helping its customers deliver mobile internet capability to users around the globe. With engineers throughout Europe, Russia, China and North America, Teleca can deliver the right capability with fast response times and low costs to its customers.

Teleca believes that the secular trends for the wireless industry are very strong. Wireless penetration continues across the globe. In addition, mobile phone manufacturers are responding to the demands of users for added mobile phone capability by designing increasing amounts of functionality into phones with every product cycle. This is particularly true in the area of mobile internet, where the mobile phone is increasingly the internet access device of choice. With all of these changes, industry players will continue to seek ways to accelerate the pace of product development and to lower the cost of delivering product improvements to their customers. As a result, Teleca expects the market for wireless software development outsourcing to grow fast for those vendors that can build broad technical capabilities at global scale. Teleca expects outsourcing to further consolidate around the largest and most experienced vendors and views these factors as presenting an opportunity to strengthen its market position.

Supported by this additional capital, Teleca will accelerate its ability to build scale and create cost efficient offerings. It will also support a faster growth of current off-shore capability, including the expansion into new geographic areas where Teleca does not currently have operations. It will also allow the company to respond to opportunistic acquisitions where it can either enhance specific capabilities or grow geographically.

In order to exploit all of these opportunities, the board of directors proposes a rights issue at a level of SEK 150 million. The issue will be priced at SEK 11 per share, and

be fully guaranteed by Symphony Technology Group (“STG”). STG is a Silicon Valley-based investment company with over US \$1 billion of assets under management. STG invests exclusively in the software and services sector and in companies that are undergoing substantial transformation.

Carnegie and Vinge are Teleca’s advisors in connection with the rights issue.

The board of Teleca will convene an extraordinary shareholders meeting to resolve on the new issue. The board will provide full details with regard to the contemplated new issue later this week.

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*Teleca is a world-leading supplier of software services to major players of the mobile device industry. The company offers tailored solutions, systems design and the integration of software and hardware for mobile phones. Teleca has more than 2,000 employees in 11 countries in Asia, Europe and North America and is quoted on the small cap list of the Nordic Exchange*

*Teleca is required under the Securities Markets Act to make the information in this press release public. The information was submitted for publication at 8:30 CET on 12 February 2008.*