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FOR IMMEDIATE RELEASE

**TEKNOR AND MEMOTEC COMPLETE TECHNICAL COOPERATION, LICENSING
AND LOAN AGREEMENT**

Montréal, Canada (October 19, 2000) – Memotec Communications Inc. (Memotec) and Teknor Applicom Inc. (Teknor) – a leading supplier of applied computing solutions – today announced the signing of a technical cooperation and licensing agreement under which Teknor will adapt a portion of Memotec's technology for the communications and Internet infrastructure markets. The licensing agreement, worth \$3 million (Cdn), also provides Memotec with a loan for an additional \$3 million (Cdn), maturing February 28, 2002, designed to foster corporate growth, that can be converted into common shares under certain conditions.

"This technical partnership elevates Teknor's applied computing solutions to an entirely new strategic level in the communications market, and will supply our customers with both superior computing and superior connectivity," said Pierre McMaster, President and CEO of Teknor. "Moreover, this agreement enables Teknor's parent company – Kontron Embedded Computers – to fulfill the next phase of its corporate strategy to transform Teknor into a Communications Business Unit that can further penetrate the global communications market."

According to Memotec President and Chief Operating Officer, Mark Silverman, the agreement with Teknor represents another step forward in Memotec's current focus on forming strategic relationships. "The agreement gives Memotec access to the Original Equipment Manufacturer (OEM) channel, which is a new distribution channel and a new market segment for us."

Under the terms of the agreement, Teknor will design, develop and manufacture custom products based on selected portions of the technology licensed from Memotec. In addition, Memotec agreed to contribute resources towards the development of this new market segment.

About Teknor

Teknor Applicom, a Kontron company, is a leading supplier of applied computing solutions to OEMs and Systems Integrators for telecommunications, Internet, industrial automation and mobile computing applications. Teknor offers dedicated, high performance systems solutions, single board computers, portable computers, integrated software support and custom engineered solutions across various industry-standard platforms: CompactPCI, PCI, PCI/ISA and PC/104.

As a charter member of Intel's Applied Computing Platform Providers (ACPP) program, Teknor is firmly positioned to provide its customers with a continuous strategic technological advantage over their competitors. Teknor is also an ISO-certified company and is the only embedded computer vendor to support global customers with engineering and manufacturing resources in both North America and Europe. Additional information about Teknor is available at www.teknor.com or by calling (450) 437-5682.

About Memotec

Montreal based Memotec Communications Inc. is a networking company that provides data, voice and video convergence solutions for telecommunications carriers, Internet service providers and corporate customers. Its product line of access devices and edge switches provides consolidation of multiservice traffic over packet-based and cell-based networks such as Frame Relay, IP, and ATM.

Memotec enables enterprise and carrier customers to lower operational costs and increase productivity by consolidating multimedia traffic over a common infrastructure. With offices around the world, and with more than 100,000 products installed in over 94 countries to date, Memotec serves the diverse and specialized needs of customers in Latin America, North America, Europe, the Middle East, Africa, Asia and the Pacific Rim. Memotec Communications Inc. is based in Montréal and is listed on the Toronto Stock Exchange (MCM). More information about the company is available at www.memotec.com

This news release contains certain forward-looking statements that involve risks and uncertainties. Memotec cautions that future results are subject to and should be considered in light of risks, uncertainties and other factors.

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