



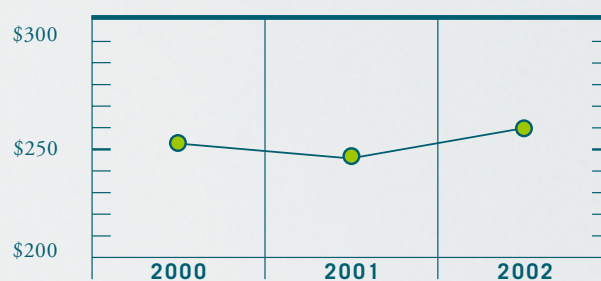
TEKELEC

SHAPING
everyday
LIFE
globally...

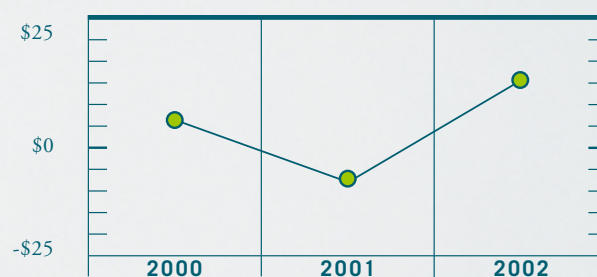


Tekelec IS THE QUIET technology GIVING access to YOU

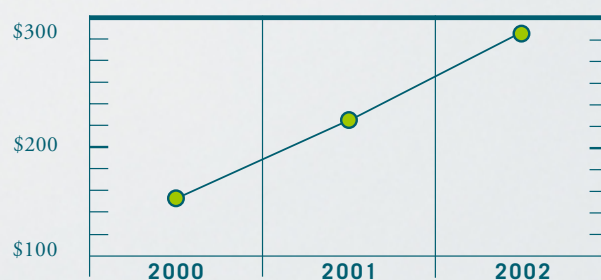
Tekelec is a leading developer of telecommunications signaling solutions, packet-telephony infrastructure, network monitoring technology, and value-added applications. Tekelec's innovative solutions are widely deployed in traditional and next-generation wireline and wireless networks and contact centers worldwide. Corporate headquarters are located in Calabasas, California, with research and development facilities and sales offices throughout the world. For more information, please visit www.tekelec.com.



REVENUES
IN MILLIONS*



**INCOME (LOSS) FROM
CONTINUING OPERATIONS**
IN MILLIONS



**CASH AND LIQUID
INVESTMENTS**
IN MILLIONS



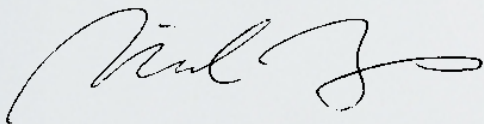
SHAREHOLDERS' EQUITY
IN MILLIONS

*Excludes contributions from Network Diagnostics Division, which Tekelec sold in August 2002.

When I joined Tekelec in 1998, I joined a leading-edge technology company, with a solid client base, and a bright future. Today Tekelec continues to be a leading-edge technology company, which has outperformed its competitors over the last five years, but particularly through the last couple of very difficult years in the telecom industry. We are very proud of Tekelec's performance in 2002 with full year revenue growth of 4% and earnings growth of 33%, compared to 2001.

I feel very fortunate to have had the opportunity to hire Fred Lax, with whom I have worked closely over the past two years. Through his role as Chief Operating Officer, and as the person who has driven our international expansion and operational efficiencies, he has become integral to both the operations and strategic focus of our business.

I am grateful to Tekelec's management team and employees whose talent and dedication have served our customers and shareholders well. I am confident that under Fred's leadership, even better performance lies ahead.



Michael L. Margolis

Chief Executive Officer

February 1998 - February 2003





I am pleased to assume the Chief Executive position at Tekelec. I truly look forward to working with the entire Tekelec team and pledge my ongoing commitment to our efforts in product development, innovation, and global expansion, to meet the needs of our customers and in creating shareholder value.

As we look to 2003 and beyond, we will focus on four strategic objectives: invest to maintain our technology leadership in advanced signaling solutions, prudently pursue our international expansion efforts, invest in our next-generation switching portfolio, and remain focused on improving our operational efficiency and maintaining our operational excellence.

I would like to personally thank Mike for the stewardship he has provided the company over the past five years. I especially appreciate the opportunity to have worked closely with him over the past couple of years and am grateful for the support and guidance he has provided.

Regardless of the overall trends in the telecom industry, we will remain focused on expanding our global reach and meeting the evolving needs of our customers.

Frederick M. Lax

Chief Executive Officer






wireless LEADS as a powerful growth ENGINE

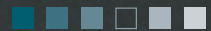
Tekelec continues to benefit from the dramatic increase in mobile communications. Wireless is a powerful growth engine for Tekelec, primarily because mobile communications generate substantially more signaling traffic than fixed-line networks, due to features such as roaming, mobile registrations, and handoffs between cell sites. Growth in wireless network usage is expected to remain robust, driven by a combination of more subscribers, increasing individual minutes of use, and the continued adoption of data services such as Short Message Service (SMS).

Mobile operators use Tekelec solutions to handle network expansion reliably and cost-effectively by leveraging IP or ATM networks to carry signaling traffic. The benefits to the mobile operator are reduced transport costs, flexible bandwidth, greater message throughput, lower network infrastructure cost, and a migration path to the 3G network.





C U 2 NITE
8PM :-)



strategic INVESTMENT TO advance TECHNOLOGY PROVIDES us a leading EDGE

TOTAL MOU ACROSS ALL U.S. SUBSCRIBERS
IN BILLIONS (MORGAN STANLEY RESEARCH)



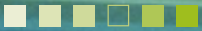
Throughout this difficult period for the telecom industry, while our competitors have significantly scaled back their investments in R&D, Tekelec has continued to invest strategically in evolving our products, while maintaining profitability. Our technology lead over our competitors has continued to grow, and will be further evidenced by the rollout of our TekServer platform and TekWare applications this year. The substantially enhanced processing capabilities of the TekServer platform, combined with its central location in the telecommunications network, will allow us to offer highly valued applications to network operators. The growth in the use of SMS and the introduction of advanced services like Mobile Messaging and picture phone, create enormous opportunities for Tekelec. As the success of our number portability solution demonstrates, our EAGLE® 5 Signaling Application System provides us a tremendous platform from which to sell value-added applications to our customers. We intend to leverage this opportunity significantly in 2003.



OUR PRODUCTS ARE critical to the reliable functioning of networks

While the continued squeeze on carrier capital spending has impacted the rate of adoption of next-generation packet networks, we continue to be pleased by the favorable reception of Tekelec's products, specifically our SS7 over IP signaling gateway, the IP⁷[™] Secure Gateway, and our softswitch, the VXⁱ[™] Media Gateway Controller. While there is currently a level of uncertainty within the industry and among investors regarding the timing of the rollout of converged packet networks, we believe it is not a matter of whether, but when, these networks will be widely deployed. Tekelec is committed to bringing its carrier-grade products and services to next-generation networks. With the introduction of GenuOne[™] in early 2003, Tekelec has introduced a platform encompassing all of the components of a next-generation switching solution on a robust blade architecture for industry leading performance and scalability.





TEKELEC

provides products and

SERVICES

to meet growing

security

NEEDS

The unique position of our equipment at the heart of telecom networks ideally positions us to assist service providers in protecting and securing their evolving networks. Security applications such as call tracing, message screening, subscriber profiling and calling pattern analysis will be enhanced with the commercial availability of our TekServer platform and TekWare applications. In 2003, we will continue to develop solutions that will ensure the integrity and security of telecommunications networks.



INNOVATIVE solutions enhance contact center operations

The IEX Contact Center Division helped contribute to Tekelec's strong financial performance in 2002, reflecting its innovative solutions and attractive value proposition for enhancing the performance and productivity of contact center operations. The flagship TotalView™ Workforce Management product is a comprehensive productivity management solution enabling contact centers to deliver consistent service, lower operating costs, and boost operational efficiency.





TEKELEC CONTINUES TO EXPAND GLOBALLY

While maintaining our leadership in North America, we continue to pursue our global expansion efforts. Our international operations already have proven to be highly successful in Europe and elsewhere, including new frame agreements with SFR, the Cegetel Group mobile subsidiary in France, and Maroc Telecom, in Morocco. We have made a strong commitment to support customers in Europe, Latin America, Asia and Australia and are now working with 36 customers across 27 countries outside of North America.



THE PEOPLE OF Tekelec



are experts serving
THE WORLD

TEKELEC TIMELINE

DECEMBER 2002 – Tekelec acquires signaling network applications and development team from VeriSign's Illuminet, Inc.

SEPTEMBER 2002 – SFR, Cegedel Group mobile subsidiary, selects Tekelec's mobile number portability solution

SEPTEMBER 2002 – Tekelec completes sale of its Network Diagnostics Division to Catapult Communications

AUGUST 2002 – Tekelec opens Beijing office

JULY 2002 – Tekelec opens office in São Paulo, Brazil

JUNE 2002 – Tekelec announces TekWare

APRIL 2002 – KMC Telecom purchases Tekelec's softswitch solution

JANUARY 2002 – EAGLE 5 platform to perform international gateway role in France Telecom's network

NOVEMBER 2001 – Tekelec to provide number portability to Orange France

JUNE 2001 – NewSouth selects Tekelec's softswitch solution

MAY 2001 – Tekelec provides EAGLE STP with LNP to Verizon

MARCH 2001 – Tekelec announces EAGLE 5 Signaling Application System

MARCH 2001 – Time Warner Telecom purchases EAGLE STP pairs and LNP solution

NOVEMBER 2000 – Tekelec provides number portability to Cable and Wireless Optus

NOVEMBER 2000 – Tekelec introduces softswitch, the VXi media gateway controller

NOVEMBER 2000 – Movilnet purchases EAGLE STP pair

OCTOBER 2000 – Tekelec provides virtual HLR to French GSM operator, Bouygues Telecom

2001

MAY 2000 – Telfort, Dutch subsidiary of British Telecom, purchases EAGLE STPs and number portability solution

JANUARY 2000 – Uni2, France Telecom subsidiary, deploys Tekelec's number portability solution

DECEMBER 1999 – Orange implements Tekelec's IP solution

NOVEMBER 1999 – Tekelec partners with US WEST Wireless on open-network technology

JUNE 1999 – MobilRom purchases EAGLE STPs for GSM network

MAY 1999 – Vodafone Network Pty., Ltd. purchases EAGLE STPs

MAY 1999 – Tekelec chosen by Bell Atlantic for network redesign project

MAY 1999 – Tekelec acquires IEX Corporation

FEBRUARY 1999 – US WEST Wireless purchases SS7/IP and LNP solutions

AUGUST 1998 – EAGLE STP receives approval from Telkom South Africa

AUGUST 1998 – AT&T Wireless purchases Tekelec's LNP solution

AUGUST 1998 – Tekelec opens London office to support European market

AUGUST 1998 – Nexel purchases three STP pairs

JANUARY 1998 – Bell Atlantic honors Tekelec with Supplier Excellence Award

1997 – Tekelec delivers first STP-based local number portability (LNP) solution

1992 – Tekelec receives first order for EAGLE STP

1999

1997

1998

1992



CORPORATE HEADQUARTERS

TEKELEC
26580 WEST AGOURA ROAD
CALABASAS, CA 91302

REGIONAL OFFICES

VISTA, CALIFORNIA
ENGLEWOOD, COLORADO
LOMBARD, ILLINOIS
MT. LAUREL, NEW JERSEY
MORRISVILLE, NORTH CAROLINA
IRVING, TEXAS
SUNSET HILLS, VIRGINIA
BEIJING, CHINA
AMSTERDAM, THE NETHERLANDS

SUBSIDIARIES

IEX CORPORATION
RICHARDSON, TEXAS

TEKELEC LIMITED
EGHAM, UNITED KINGDOM

TEKELEC BRAZIL
SÃO PAULO, BRAZIL

TEKELEC CANADA
OTTAWA, CANADA

TEKELEC FRANCE
PARIS, FRANCE

TEKELEC GERMANY
ROSENHEIM, GERMANY

TEKELEC ITALY
MILAN, ITALY

TEKELEC SINGAPORE

INDEPENDENT ACCOUNTANTS

PRICEWATERHOUSECOOPERS LLP
LOS ANGELES, CALIFORNIA

LEGAL COUNSEL

BRYAN CAVE LLP
SANTA MONICA, CALIFORNIA

TRANSFER AND REGISTRAR

U.S. STOCK TRANSFER CORPORATION
1745 GARDENA AVENUE
GLENDALE, CALIFORNIA 91204-2991
818.502.1404

COMMON STOCK

The Company's common stock is traded over the counter on The Nasdaq Stock Market under the symbol TKLC.

REPORT ON FORM 10-K

A copy of Tekelec's form 10-K without exhibits for the year ended December 31, 2002, as filed with the Securities and Exchange Commission, is available, without charge, upon written request to: INVESTOR RELATIONS, TEKELEC 26580 WEST AGOURA ROAD, CALABASAS, CALIFORNIA 91302, VIA THE INTERNET AT [HTTP://WWW.TEKELEC.COM](http://www.tekelec.com) OR BY FAX AT 818.880.7807.

ANNUAL MEETING

Tekelec's Annual Meeting of Shareholders will be held at 9:00 am on May 8, 2003, at Tekelec's offices located at 26580 West Agoura Road, Calabasas, California.

BOARD OF DIRECTORS

JEAN-CLAUDE ASSCHER
PRESIDENT, TEKELEC-AIRTRONIC, S.A.

FREDERICK M. LAX
PRESIDENT AND CHIEF EXECUTIVE OFFICER, TEKELEC

ROBERT V. ADAMS ^{1a}
PRESIDENT AND CHIEF EXECUTIVE OFFICER, RV ADAMS CAPITAL MANAGEMENT

DANIEL L. BRENNER ¹²
SENIOR VICE PRESIDENT,
LAW & REGULATORY POLICY,
NATIONAL CABLE & TELECOMMUNICATIONS
ASSOCIATION

HOWARD ORINGER ^{1,2,3}
MANAGING DIRECTOR,
COMMUNICATIONS CAPITAL GROUP

JON F. RAGER ^{1,2,3}
PRESIDENT,
RAGER BELL DOSKOCIL & MEYER CPAs

¹MEMBER OF AUDIT COMMITTEE

²MEMBER OF COMPENSATION COMMITTEE

³MEMBER OF CORPORATE DEVELOPMENT COMMITTEE

CORPORATE OFFICERS

FREDERICK M. LAX
PRESIDENT AND CHIEF EXECUTIVE OFFICER

PAUL J. PUCINO
VICE PRESIDENT AND CHIEF FINANCIAL
OFFICER

LORI A. CRAVEN
VICE PRESIDENT AND GENERAL MANAGER,
NETWORK SYSTEMS DIVISION

DEBRA MAY
VICE PRESIDENT AND GENERAL MANAGER,
CONTACT CENTER DIVISION,
IEX CORPORATION

RONALD W. BUCKLY
VICE PRESIDENT, GENERAL COUNSEL AND
CORPORATE SECRETARY

DAVE FRANKIE
VICE PRESIDENT, OPERATIONS AND QUALITY

DANNY L. PARKER
VICE PRESIDENT, CORPORATE DEVELOPMENT

TERESA A. PIPPIN
VICE PRESIDENT, HUMAN RESOURCES



TEKELEC

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WWW.TEKELEC.COM