

FOR IMMEDIATE RELEASE

LERNOUT & HAUSPIE'S REALSPEAK NATURAL SOUNDING TTS SHIPS; TELEPHONY DEVELOPERS SEIZE SOLUTION FOR DIVERSE NEEDS

Technology to be Employed by Webley, MessageBlaster.com and 4th Peripheral; Award Winning L&H RealSpeak™ Technology is One of Several New Solutions to Help Position Company as Full-Range Telephony Vendor

BURLINGTON, MASS — July 12, 1999 — Lernout & Hauspie (NASDAQ: LHSP; EASDAQ: LHSP) (L&H™) announced today that just weeks after its award-winning L&H RealSpeak™ text-to-speech (TTS) technology began shipping, several telephony developers have contracted to build a diverse range of applications using the solution. L&H RealSpeak is a new de facto industry standard in TTS technology that reads aloud any text with a human sounding voice and represents a breakthrough in terms of voice quality and intelligibility. The contract agreements come shortly after Intel and L&H announced plans to form a joint venture to develop telephony and e-commerce solutions using L&H technology. Combined, these recent events demonstrate L&H's growing commitment to become the premier speech and language vendor for the telecommunications market.

Telephony application developers Webley, MessageBlaster.com and 4th Peripheral all recently signed contracts to build applications employing L&H RealSpeak. The applications provide a diverse range of capabilities, including unified messaging from Webley, speech-enabled Internet-based messaging from MessageBlaster.com and voice access for Web pages from 4th Peripheral. Other companies that have recently signed contracts to deploy L&H RealSpeak include Edify, Heartland Information Services and Transcomputing. L&H cites this immediate demand for the solution as evidence of the overwhelming need for high-quality, natural sounding text-to-speech in telecommunications applications.

“L&H has recently put in place a number of leading edge technologies and solutions for the telecommunications market,” said Gaston Bastiaens, president and CEO of L&H. “Our combined offerings provide the broadest range of technologies available for telecommunications use today. We believe we are well positioned to lead this market and the overwhelmingly positive response we've received affirms this belief.”

In addition to the shipment of its L&H RealSpeak technology, L&H has recently emerged as a leading speech and language technology vendor for the telecommunications market by reaching a number of strategic milestones over the past several quarters. L&H RealSpeak rounds out the company's suite of telephony solutions, extending from a new large vocabulary recognizer to small recognizer engines to text to speech technology — each available for a variety of platforms, languages and environments. The combination of these products enables L&H to offer a complete solution to telephony developers and vendors looking to voice-enable the next generation of call centers, IVR applications and other telephone-based services. Strategic alliances with industry-leading companies like Intel, GTE and Motorola have further bolstered L&H's position in the telephony market, as has the recent contract to speech-enable Korea's largest automated stock quote service through a partnership with Bumil. L&H's RealSpeak technology was also named Best of Show during CTI Spring 99, one of the premier events in the rapidly growing datacom/telecom convergence industry.

-MORE -

Parus Exhibit 2038

“The growth of automated services over the telephone is accelerating, paralleling the self-service phenomenon of the Internet. This growth has created a demand for better automated voices, and the new RealSpeak text-to-speech technology addresses that need,” stated William Meisel, president, TMA Associates, a speech industry consulting firm in Tarzana, CA.

According to the company, the natural sounding voice provided by the L&H RealSpeak TTS engine will not only enhance end user’s experience with speech enabled applications, but will also increase application productivity. The applications currently under development include:

- Webley’s full-featured unified messaging personal assistant service enables users to make calls and send and receive all kinds of messages via the Internet and by phone. Webley is upgrading their feature platform with L&H RealSpeak. Its primary application will provide natural sounding voice to read aloud users e-mails from any phone. In the near future, L&H RealSpeak will enable Webley customers to receive stocks and travel information services as well browse the Web by phone. “Listening to email over the phone and sending an audio reply is one of Webley’s most popular features for ‘road Warriors.’ Up until now customer usage was limited by ‘machine like’ sounding pronunciation. With L&H RealSpeak, we anticipate customers will use this greatly improved feature as part of their ‘routine’,” said Hal Poel, senior vice president marketing, Webley.
- L&H RealSpeak will read aloud voice pages, e-mail and fax messages for the Internet-based outbound group messaging service from MessageBlaster!. The MessageBlaster service, which makes it possible for on-line users to simultaneously send one or many time-sensitive messages to unlimited numbers of people in the way they prefer supports voice, e-mail, pager and fax messaging as well as postal mail and overnight delivery.
- 4th Peripheral’s 4eXtenxa Servers allows consumers and corporate Intranet users to employ mobile, land-line phones and personal digital assistants (PDA’s) to access Web content. 4eXtenxa is also used in deploying automated call centers, IVR systems, and other telephony-to-web infrastructure.

About Webley Systems, Inc.

Webley Systems is a leader in Unified Communications and Messaging due to its natural speech recognition driven personal assistant, Webley. Webley is a fully featured Personal Assistant integrating customers’ Messages over the phone and Internet. The feature set include voice-activated dialing, follow me service via one number, conference calling, fax mailbox, and the capability to allow users to listen to e-mail over the phone. Via a personal web page, customers can upload their contact lists automatically from their PIM and retrieve messages. Webley markets directly under it’s own brand and provides private label functionality to all types of service providers. Webley, a privately held company is based in Deerfield, Illinois and can be found at www.Webley.com.

About MessageBlaster!

MessageBlaster.com provides a unique network service in the emerging field of Internet based outbound group messaging. The first of its kind communications service makes it possible for on-line users to simultaneously send one-to-many time-sensitive messages to unlimited numbers of people in the way they prefer – e-mail, voice pager, fax, postal mail overnight delivery. It also allows users to track the receipt of messages and receive recipient responses. The service is targeted at small-to-medium sized businesses that lack both human and network resources. Founded in 1998, MessageBlaster.com is based in Billerica Massachusetts and can be found on the Web at <http://www.messageblaster.com>.

- More -

About 4th Peripheral

4th Peripheral Technologies is a CyberExtension company. The company focuses on extending and integrating the Internet, intranets, and data warehouses by providing remote access from handheld devices (wireless telephone, land-line telephone, PDA, etc.) using the company's proprietary 4eXtenxa voice-product family. For more information, please visit 4th Peripheral at <http://www.gofourth.com/>

About Lernout & Hauspie

Lernout & Hauspie (L&H) is a global leader in advanced speech and language solutions for vertical markets, computers, automobiles, telecommunications, embedded products, consumer goods and the Internet. The company is making the speech user interface (SUI) the keystone of simple, convenient interaction between humans and technology, and is using advanced translation technology to break down language barriers. The company provides a wide range of offerings, including: customized solutions for corporations; core speech technologies marketed to OEMs; end user and retail applications for continuous speech products in horizontal and vertical markets; and document creation, human and machine translation services, Internet translation offerings, and linguistic tools. L&H's products and services originate in four basic areas: automatic speech recognition (ASR), text-to-speech (TTS), digital speech and music compression (SMC) and text-to-text (translation). For more information, please visit Lernout & Hauspie on the World Wide Web at www.lhs.com or www.lhsl.com.

This Press Release contains forward-looking information, including but not limited to statements involving L&H's view of the evolution of speech and language technology in the healthcare industry, that L&H's products will work according to specifications and that such products will be successful in the market, and that its partnerships will be successful. Factors which could cause material differences to these forward looking statements include known and unknown risks, including without limitation: the uncertainty of new product development, including the risk that newly introduced products may contain undetected errors or defects or otherwise not perform as anticipated, the early stage of development of the speech and language technology markets, uncertainty of market growth, rapid technological change and intense competition, as well as other risks set forth in L&H's filings with the Securities and Exchange Commission. L&H cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. L&H expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the L&H's expectations or any change in events, conditions or circumstance on which any such statement is based.

###

All product names and trademarks mentioned herein are trademarks of L&H and its respective owners.

L&H Contact Info:

Worldwide PR/IR:	Ellen Spooren, Lernout & Hauspie, (781) 203-5344, espooren@lhsl.com
Corporate Comm. US:	Audrey Pobre, Lernout & Hauspie, (781) 203-5341, apobre@lhsl.com
Media Contact Europe:	Vanessa Richter, Lernout & Hauspie, (32) 57-22-9518, vrichter@lhsl.com
Investor Contact Europe:	Annemieke Blondeel, Lommaert & Blondeel Consultants, (44) 1322-20-180, a.blondeel@dial.pipex.com