

QSC acquires celox to expand its infrastructure and customer base

Cologne, May 12, 2005. Effective immediately, Cologne-based QSC AG has acquired 100 percent of the share capital of celox Telekommunikationsdienste GmbH, Bonn. The purchase price of € 13.8 million will be paid as a contribution in kind in the form of newly issued QSC shares.

3,583,776 new shares will be issued as a result of a capital increase for this purpose. 80 percent of the shares will be sold in a private placement by Sal. Oppenheim to institutional investors. The remaining 20 percent will be subject to a lock-up until at least December 31, 2005.

This acquisition will enable QSC to expand the geographical coverage of its network in a swift and cost-effective manner, and will also significantly increase its customer base due to celox' own state-of-the-art S-DSL network with more than 170 central offices in more than 30 medium-size German cities. Like QSC, celox is predominantly active in the fast-growing VPN business for small, medium and large enterprises. In addition, celox benefits from increasing demand for its Z-ISP-based network services.

celox currently employs a workforce of 61 people, its 2004 revenues totaled € 8.4 million. For the year 2005, the company expects to generate a positive EBITDA for the first time.

The acquisition of celox means that effective immediately, QSC will have more than 1,000 of its own central offices in over 100 cities, compared to 850 central offices in 72 cities. This network expansion as well as enhanced technological capabilities will further accelerate revenue and margin growth in the business with enterprise customers and resellers. In addition, the combination of the two businesses is expected to result in significant cost synergies. Following the full integration of the networks during the course of 2006, QSC estimates that it will generate over one million euros in annual network cost synergies alone.

celox will continue to operate as a stand alone company based in Bonn. Dr. Stefan Sattler and Dr. Thomas Zundl, both co-founders and managing directors of celox, will continue to assume their chief executive responsibilities.

Given the positive development of its business in the first quarter of 2005 and this acquisition, QSC is raising its revenue forecast for the current fiscal year. The company now anticipates revenues of at least € 183 million for 2005. This represents a revenue growth of at least 25 percent over the year before. Up until now, QSC had been expecting revenues of more than € 175 million for 2005 and revenue growth of at least 20 percent. At the same time, QSC is reiterating its previous forecast for a positive EBITDA of between € 4 to 8 million, as well as an operating cash flow of at least € 10 million.

Notes: This ad-hoc release contains forward-looking statements pursuant to the US "Private Securities Litigation Act " of 1995. These forward-looking statements are based on current expectations and forecasts of future events by the management of QSC AG. Due to risks or mistaken assumptions, actual results may deviate substantially from those made in such forward-looking statements. The assumptions that may involve material deviations due to unforeseeable

developments include, but are not limited to, the demand for our products and services, the competitive situation, the development, dissemination and technical performance of DSL technology and its prices, the development and dissemination of alternative broadband technologies and their respective prices, changes in respect of telecommunications regulation, legislation and adjudication, prices and timely availability of essential third-party services and products, the timely development of additional marketable value-added services, the ability to maintain and enlarge upon marketing and distribution agreements and to conclude new marketing and distribution agreements, the ability to obtain additional financing in the event that management's planning targets are not attained, the punctual and full payment of outstanding debts by sales partners and resellers of QSC AG, and the availability of sufficient skilled personnel.

Best regards,
your QSC IR team

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