

QSC AG Acquires 67 Percent of Broadnet AG in Exchange for New Shares

Cologne, 7 June 2006. QSC AG has entered into an agreement with the main shareholders and the management of Broadnet AG to purchase 67 percent of the share capital of the company. Under the terms of the agreement the main shareholders and the management of Broadnet will receive 1.054 QSC shares in exchange for each Broadnet share. The Management and Supervisory Board of QSC have decided to increase the company's share capital by € 11,232,176 and to issue 11,232,176 new shares out of the existing authorised capital. The new shares will be issued in exchange for a contribution-in-kind.

As a result of this acquisition, QSC is raising its revenue outlook for the current year by at least 36 percent to more than € 265 million. Prior to the acquisition, QSC expected revenues of more than € 240 million for the current year. In spite of the significant one-time cost in connection with the acquisition and the public offer as well as planned non-recurring cost in order to realise existing synergies, QSC confirms its EBITDA outlook of € 15 - 20 million for the current year.

Additional information:

The acquisition of a majority of Broadnet's share capital further strengthens QSC's high margin core business with enterprise customers.

In the year 2005, Broadnet continued to record impressive revenue growth and generated 96 percent of its € 36.8 million revenues with enterprise customers as well as resellers and generated an EBITDA of € 4.6 million.

Broadnet's significant revenue growth of 31 percent and 50 percent in the financial year 2005 and the first quarter of 2006 respectively, are primarily due to the positive developments in the VPN and VoIP product areas.

The intended takeover of Broadnet by QSC provides Broadnet with its 200 employees and QSC with an attractive and joined platform to further expand its market position in cutting edge telecommunication services.

The majority acquisition of Broadnet provides QSC also with indirect access to a modern SDSL- and wireless local loop (WLL) network with more than 600 DSL-enabled central offices and 42 WLL regions. More than 160 of the 600 central offices complement QSC's own DSL network. As a consequence, QSC will have direct and indirect access to more than 1,200 central offices in more than 140 German cities.