



FOR IMMEDIATE RELEASE

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**TELE2 AND QSC CREATE A JOINT VENTURE COMPANY
“PLUSNET” TO PROVIDE HIGH SPEED BROADBAND ACCESS IN
GERMANY**

Stockholm- Tele2 AB, (“Tele2”), (Stockholmsbörsen: TEL2A and TEL2B), Europe’s leading alternative telecoms operator, today announced that it has signed an agreement with QSC to create a joint venture company “Plusnet”, which has a substantial unbundled local loop (ULL) broadband network in Germany. Tele2 will invest €50 million in the joint venture company to finance its expansion. Plusnet is jointly controlled by both parties, with ownership split 32.5% for Tele2 and 67.5% for QSC.

QSC’s DSL network with over 1000 CO’s (Central Offices), currently covers approximately 30% of the German population. The objective of the joint venture is to upgrade this network to ADSL2+ and to extend coverage to circa 2000 CO’s, covering more than 50% of the population by the end of 2007. Plusnet will provide both companies with access to a ULL broadband network which can be used to deliver high speed broadband services to their respective customers. Plusnet will recharge its OPEX and not make profits on its own. Fixed costs will be split between Tele2 and QSC, with variable costs being apportioned according to use.

Tele2’s investment of €50 million is less than half of that which would have been required to build a similar network from scratch. This agreement will also enable Tele2 to make considerable OPEX savings of around €10 million per year from 2007. Tele2 envisages launching its ULL offer in Germany at the end of 2006. The creation of Plusnet also enables Tele2 to launch a ULL offer approximately 12-18 months faster that would otherwise have been possible.

Lars-Johan Jarnheimer, President and CEO of Tele2, commented; “This is an excellent deal for Tele2. It will allow us to leverage off our existing fixed line customer base in Germany and offer our over 2 million pre-select customers there, high speed broadband services and voice products, at very attractive prices. It also generates significant cost savings for Tele2. This agreement further consolidates our position as a leading broadband provider in Europe”.

This agreement with QSC is subject to clearance from the German Cartel Office.

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Tele2 is Europe's leading alternative telecom operator. Tele2's mission is to provide cheap and simple telecoms for everyone in Europe. Tele2 always strives to offer the market's best prices. We have more than 30 million customers in 22 countries. Tele2 offers fixed and mobile telephony, broadband, data network services, cable TV and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies. Tele2 has been listed on Stockholmsbörsen since 1996. In 2005 we had operating revenue of SEK 50 billion and reported a profit (EBITDA) of SEK 6.6 billion.