



Press release
October 21, 2004

Statement by the Board of Directors of Song Networks Holding AB (publ) in relation to the announced public offers by TDC A/S and Tele2 AB

Initial Offers

On September 14, 2004, TDC A/S ("TDC") announced a public offer to all shareholders and holders of convertible debentures in Song Networks Holding AB (publ) ("Song"). On the same day, the Board of Directors of Song announced a statement in relation to TDC's offer.

On September 22, 2004, Tele2 AB ("Tele2") announced a public offer to all shareholders and holders of convertible debentures in Song. On September 24, 2004, the Board of Directors of Song announced a statement in relation to TDC's offer of September 14, 2004, and Tele2's offer of September 22, 2004.

TDC's Offer

On September 28, 2004, TDC withdrew its initial offer and announced a new public offer to all shareholders and holders of convertible debentures in Song. In summary TDC is offering SEK 82.50 in cash per Song ordinary and preference share and is offering holders of Song's convertible debentures 2002/2007 a cash amount corresponding to SEK 82.50 per underlying share as if tendered convertible debentures were exercised in full. TDC's new offer is made in accordance with the Swedish mandatory offer rules. Completion of the offer is conditional upon all necessary approvals and decisions from public authorities, including competition authorities, having been obtained; in each case, as the case may be, without such approvals and decisions being subject to conditions that, in the reasonable opinion of TDC, are unacceptable.

TDC may withdraw its offer in the event that it is clear that the above condition is not or cannot be fulfilled. However, such withdrawal will only be made provided that the defective fulfilment of the above condition is of material importance to TDC's acquisition of Song. TDC reserves the right to waive the above condition in whole or in part.

Tele2's Offer

On September 29, 2004, Tele2 revised its initial offer. In summary Tele2 is offering SEK 85 in cash per Song ordinary and preference share and is offering holders of Song's convertible debentures



2002/2007 a cash amount corresponding to SEK 85 per underlying share as if tendered convertible debentures were exercised in full. Completion of Tele2's revised offer is conditional upon:

1. Tele2's offer being accepted to such an extent that Tele2 becomes the owner of more than 50 per cent of the total number of the votes in Song on a fully diluted basis;
2. prior to an announcement that Tele2's offer will be completed, no other party announcing an offer to acquire shares in Song on terms which are more favourable for the shareholders and holders of convertible debentures in Song than Tele2's offer; and
3. all necessary approvals and clearances from authorities in Sweden and elsewhere in connection with Tele2's offer or the acquisition of Song, including competition authorities, having been obtained on terms acceptable to Tele2.

With reference to the non-fulfilment of the condition in section 3 above, Tele2's offer may only be withdrawn if the non-fulfilment is of material importance for Tele2's acquisition of the shares and convertible debentures of Song. Tele2 reserves its right to waive, in whole or in part, any or all of the conditions above, and, with respect to the condition in section 1 above, to complete its offer at a lower level of acceptance.

NBK Rules

The Swedish Industry and Commerce Stock Exchange Committee has issued rules concerning public offers for the acquisition of shares (the "NBK Rules"), which rules Song is obligated to abide by. The NBK Rules require the Board of Directors of Song to announce its opinion of the offers, stating the reason for its attitude and it is in compliance therewith that this statement is issued.¹

The Board's Assessment

The offered consideration in the two offers, both of which are cash offers, differ to the benefit of Tele2, which company is offering SEK 85 per share and an amount corresponding to SEK 85 per share for convertible debentures, while TDC is offering SEK 82.5 per share and an amount corresponding to SEK 82.5 per share for convertible debentures.

¹ Item II.14 of the NBK Rules: "The board of directors of the target company must announce its opinion of the offer in reasonable time before expiry of the acceptance period, stating the reasons for its attitude. If the board concludes that it can neither approve nor reject the offer, it must explain the reasons for its attitude.

In its statement, the board must report whether a member of the board has not participated in handling the matter on the grounds of conflict of interest or for some other corresponding reason, or whether any members of the board has tabled reservations."



The Song ordinary shares and convertible debentures issued with preferential rights for the shareholders are traded on the Stockholm Stock Exchange, while the Song preference shares are unofficially traded. The closing price on October 20, 2004, of the Song ordinary share was SEK 88, of the Song preference share was SEK 84, and of the Song convertible debenture corresponded to SEK 84.63 per underlying share. Accordingly, the price of the Song ordinary share was higher than both TDC's and Tele2's offer, while the price of the Song preference share and convertible debenture was lower than Tele2's offer but higher than TDC's offer.

As concerns the conditions for completion under the offers, the Board of Directors of Song believes that the one condition that sets the two offers apart in a material manner is the condition applicable to Tele2's offer that Tele2's offer is accepted to an extent that Tele2 becomes the owner of more than 50 per cent of the votes of Song on a fully diluted basis.² According to information available to Song, Tele2 currently holds 18 per cent of the votes of Song (17.2 per cent on a fully diluted basis), and TDC currently holds 28.8 per cent of the votes of Song (33 per cent on a fully diluted basis). In the absence of any indication from Tele2 that Tele2 will complete its offer although Tele2 does not become the owner of more than 50 per cent of the votes of Song on a fully diluted basis, shareholders and holders of convertible debentures who are considering to accept Tele2's offer should take a view of the risk that Tele2 may elect not to complete its offer by reference to this condition not being fulfilled.

In light of the above, the Board of Directors of Song recommends shareholders and holders of convertible debentures in Song to act as follows:

- Holders of Song ordinary shares, preference shares and convertible debentures are recommended to sell their shares and convertible debentures over the Stockholm Stock Exchange or through the unofficial market, whichever is applicable, provided the price at which the relevant shares or convertible debentures trade is equal to or higher than the price offered by Tele2.³
- If the price at which the Song ordinary shares, preference shares or convertible debentures trade is below the price offered by Tele2,
 - the Board of Directors of Song recommends those shareholders and holders of convertible debentures, who, after having taken a view of the risk that Tele2 does not complete its offer, are prepared to accept such risk, to accept Tele2's offer, while

² It is noted that both TDC's and Tele2's offer is conditional upon receipt of necessary approvals and clearances. Based on information from representatives of both TDC and Tele2, the Board of Directors of Song believes that such approvals and clearances will be obtained.

³ Commission payable on sales over the market has been disregarded, but holders are advised to consider the effect hereof.



- those shareholders and holders of convertible debentures who are not prepared to accept the risk that Tele2 does not complete its offer are recommended to sell their shares or convertible debentures over the Stockholm Stock Exchange or through the unofficial market or to accept TDC's offer, whichever alternative has the highest price.⁴

The directors Martin Svalstedt and Bo Wahlström have not participated in the decision by the Board of Directors of Song to issue this statement or in the Board's handling of the matter.

Solna October 21, 2004

Song Networks Holding AB (publ)
The Board of Directors

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About Song Networks, (Stockholmsbörsen: SONW)

Song Networks is a leading Nordic telecom operator. Based on its own infrastructure, Song Networks offers a wide range of data communication and telephony services within Sweden, Finland, Norway and Denmark. The company possesses leading-edge expertise within data communications, and focuses on delivering IP VPN and Internet Access services to business customers. Song Networks is a stable challenger of the former state-owned operators. Business customers are connected at competitive prices to the Group's DSL and fiber network, which offers high capacity and the best coverage in the Nordic region. Song Networks' main competitive advantage is the ability to offer efficient and technically advanced communications solutions in combination with a personal reception and top-quality customer service. The company was founded in 1995 and has approximately 860 employees. The head office is located Stockholm and the company has 23 offices located in the Nordic region. www.songnetworks.net

Certain statements contained in this press release contain "forward-looking statements" within the meaning of the U.S. federal securities law. Such statements are based on the current expectations of the management of Song Networks Holding AB only, and performance is subject to risks, uncertainties and other factors that could cause actual results to differ materially from these statements. Such risks include, but are not limited to, adverse regulatory, technological or competitive developments; decline in demand for the company's services or products; inability to timely develop, introduce and market new technologies, products and services; pricing pressures resulting from competition; unforeseen construction delays; and the inability to successfully manage systems failures or shutdowns and service interruptions or reduced services to customers.

⁴ Commission payable on sales over the market has been disregarded, but holders are advised to consider the effect thereof.