

Press release

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Tele1 Europe AS acquires leading broadband operator in western Norway, EITele Rogaland

Tele1 Europe AS, a fully owned subsidiary of Tele1 Europe Holding AB (NASDAQ: TEUR, Stockholm Stock Exchange: TEUR) announced today its NOK 717 million acquisition of EITele Rogaland. EITele Rogaland is a Norwegian data and broadband operator. The acquisition forms part of Tele1 Europe's strategy to become the leading provider of broadband services to the business market in the Nordic region.

From 1 July, Tele1 Europe will manage EITele Rogaland's operations. Payment will be made up of NOK100 million shares in Tele1 Europe Holding AB, and the remainder in cash.

In addition to Tele1 Europe's acquisition of EITele Rogaland, the contract also includes several agreements between Lyse Energi (EITele Rogaland's largest shareholder with 92.7% of shares) and Tele1 Europe regarding future collaboration. In the acquisition Tele1 Europe acquires all of Lyse's current holdings. Lyse will be given shares in Tele1 Europe and in return, Tele1 Europe will acquire exclusive rights to Lyse's own infrastructure. Agreements have also been reached on product collaboration for the energy, telecom and datacom industries.

The acquisition of EITele Rogaland provides Tele1 Europe with a considerably wider broadband network. EITele Rogaland's infrastructure consists of about 1300 kilometres of cable, of which 500 kilometres is fibre network. Tele1 Europe will also assume all rights currently held by EITele Rogaland in the nationwide EITele collaboration.

Regional investments

Through the acquisition, Tele1 Europe gains an even stronger stake in the Rogaland region. EITele Rogaland currently employs 70 people, which could rise considerably as a result of Tele1 Europe's ambitious future plans.

- Our presence in Southern Vestlandet will increase immensely. At the same time, we will have one of the most extensive access fibre networks in Norway. The acquisition is very important for us strategically, especially as most permanent overseas lines emanate from Rogaland, says Pål E. Vegard, managing director of Tele1 Europe.

Toril Nag, managing director of EITele Rogaland, had been looking for the right owner for the company for some time.

- We have a well-developed access network in the region, which gives us a competitive edge in broadband communications to trade and industry, says Nag. Our vision is to contribute to the region's growth in trade and industry and to its ability to add value in both local and global markets. Tele1 Europe isn't simply our

new owner; it represents a solid foundation for our vision. Tele1 Europe can provide us with added value for our current infrastructure, which will benefit our customers. It has an international communication network and services, which we can now supply to our market. Tele1 Europe's ongoing expansion of Nordic access goes hand-in-hand with our own expansion plans, in a broader Scandinavian market. Our operations in Stavanger will play a central role in the further development of new services. For example, they will be responsible for Tele1 Europe's application service provider venture, which is already fully developed and in operation in Stavanger. Naturally, Stavanger will have industry responsibility for the oil-, gas- and energy markets, says Nag.

Collaboration intent

A *letter of intent* between Tele1 Europe and Lyse Energi AS forms part of the transfer. The final contract will regulate future co-operation and ensure that both parties can influence development within Tele1 Europe and within the areas in which telecom and datacom markets converge with the energy market.

Complementary product portfolios

Mid-sized and large businesses are the primary target groups for Tele1 Europe and EITele Rogaland. The two corporations have complementary product portfolios and both have the same strategy to develop a broadband network that extends to the end customer, offering Internet access and virtual private networks (VPN) with limitless capacity.

EITele Rogaland has (among other things) been highly successful in ISP and ASP services as well as VPNs. EITele Rogaland has already 110 ISP customers, 560 users of ASP and 30 hosting customers. In total, EITele Rogaland has approximately 200 corporate customers such as Smedvig, Aker Maritime, TV2, Kværner Oil & Gas, Andersen Consulting AS, the University of Stavanger and the municipalities of Stavanger, Sandnes, and Rogaland Fylkeskommune.

Tele1 Europe's existing customers will gain access to new ISP and ASP services, which facilitates the operation of all of the most common office applications. EITele Rogaland's product portfolio also includes unique Internet services, such as the company's gateway to the media branch.

Strong organisation

The acquisition generates important synergy effects when bringing the two strong companies together. Tele1 Europe AS is primarily customer and market oriented and focuses on quality in the best technical solutions. A strong organisation has therefore been created to manage the sales and customer service functions.

EITele Rogaland has a solid technical infrastructure, and most employees have very strong technical experience. EITele Rogaland has 70 employees and net revenues 1999 was NOK 42,5 million.

- Together, this gives us a strong organisation with very few overlapping functions. This is further reinforced by the fact that Tele1 Europe now has sales reps in Stavanger", says Vegard.



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Tele1 Europe

Tele1 Europe is a rapidly growing telecom and datacom operator with operations in Norway, Denmark, Finland, and Sweden. Its business concept is to offer broadband solutions for data, telephony, and Internet to mid-sized and large businesses and organisations in the Nordic region. Tele1 Europe is currently the only Nordic data and telecommunications operator that invests in local access networks with broadband capacity. The local access networks are connected with long-distance networks and form Europe's fastest highway for data and Internet traffic with an initial capacity of up to one gigabyte.

EITele Rogaland

EITele Rogaland is a telecom, datacom, and Internet service provider, which was founded in 1996 by the Energy Authority of Southern Rogaland. Since 1998/1999, Lyse Energi has been the main owner. Before the acquisition, Lyse Energi owned 92.7% of the shares. Other shareholders include Dalane Energi, Jæren Everk, Forsand Elverk, and Klepp Energi. Over the past four years, the company has developed a broadband network based on fibre, copper and radio technology that covers major parts of Rogaland county with extensions established through collaborations with national and international partners. The company currently employs 70 people.