

**Belgacom**  
**Presenter: Didier Bellens**  
**Friday 16<sup>th</sup> May 2008**  
**14h30 CET**

Operator: Good afternoon ladies and gentlemen and welcome to today's Belgacom Q1 2008 Results Conference Call. For your information this conference is being recorded. At this time I would like to turn the call over to your host today, Mr. Didier Bellens. Please go ahead sir.

Didier Bellens: Thank you very much and welcome to our conference call on our first quarter results of 2008. As usual I will take a moment to highlight some financial and operational results after which my colleagues of the management committee and myself will be happy to answer your questions. The first important comment I would like to make is that we feel comfortable to reiterate our 2008 full year guidance where we expect a group revenue decline of up to 1% and an EBITDA margin between 33% and 34%. Excluding the mobile regulatory impacts Belgacom would see its group revenue growing in 2008. As far as Capex is concerned we still expect our total Belgacom group Capex for 2008 to be around 11% of total group revenue.

Now let me be very clear that the reported results for the first quarter are fully in line with our own expectations. The year over year revenue decrease of 3% is mainly explained by the negative impact from regulations which started to affect our results only as of the second half of 2007 and I mean by this that the impact from roaming and the mobile termination rate cut and linked to this the impact of the lowered fixed to mobile tariffs. If you take these regulatory impacts out you will notice that the business did very well seeing the challenging conditions we are operating in. As I said we reiterate our yearly group revenue guidance of a decline of up to -1%. Now without getting into a quarterly guidance it's clear that this means that for the remainder of the year, the

year over year variance will improve as regulation will indeed have less impact on the year over year variance. So that means that today for the first quarter we have -3% decline, for the second quarter it will be a lower decline and for the third and fourth quarter the impact will be completely different, a very low decline or even a slight increase in the revenue year over year. So that's what you should expect and if you take all that into account let's say that explains our guidance of -1% for the revenue. I hope this is clear.

On top of this the business performed extremely well and when I talk about business I talk about operational results and especially the operational drivers, so let's go to some of the drivers. We added a total of 92,728 active mobile customers in the first quarter of 2008 thanks to a solid customer growth in both the consumer and enterprise business units. This is a significant improvement compared to the same period of last year where we added about 35,000 mobile customers. Belgacom continues to grow its iDTV customer base adding 43,931 new customers during the first quarter of 2008 with an ARPU of €17.40. This brings our total TV customer base to about 350,000 customers.

In the first quarter of 2008 Belgacom's consumer business unit sold 51,000 packs leading to a total of 204,000 packs by end of March 2008, so that's also a very good results. As we have announced to you before we reported our first quarter results in the new segment structure. If we first take a look at the financial results of our consumer business unit you can see that the total revenue decline of 1.3% is fully due to the negative impact of mobile regulations. Excluding the total regulation impact the consumer business unit's revenue grew 1%, this thanks to some very solid operational results for the first quarter. Our enterprise business unit reported a total revenue decline of 2.5% but this is mainly due to the impact of regulations including the flow through of the mobile termination rate cuts to fixed to mobile tariffs. If we exclude the total regulation impact the enterprise business unit revenue is flat compared to the first quarter of last year.

Now with this I think we have covered some of the most important elements and I'm sure you still have many questions so let's go directly to the Q&A. Thank you.

Operator: Thank you. The question and answer session will be conducted electronically. If you would like to ask a question please press the \* or asterisk key followed by the digit 1 on your telephone keypad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. We will take questions in the order received and we will take as many as time permits. If you find that your question has been answered you may remove yourself from the queue by pressing \*2. Again please press \*1 to ask a question.

Our first question will come from Dimitri Kallianiotis. Please go ahead.

Dimitri Kallianiotis: Good afternoon gentlemen. My first question is regarding the big picture in Europe, we see a lot more consolidation recently. Do you feel as a management team that you need to be part of a bigger telecom group to be able to implement your fixed and mobile conversion strategy? My second question is regarding mobile termination rates, obviously regulation continues to have a very big impact. What's your expectation regarding the consultation on mobile termination rates this year and what do you think will be in the impact in May and July? Thank you.

Didier Bellens: Michel will take the second question on mobile termination rates and I'll take the first one on consolidation. Michel?

Michel Georgis: Regarding mobile termination rates I would say that they are not big news compared to what we mentioned during our investor day so we are back with the decrease in May 2008 to the asymmetry we had in May '07, 25% versus Mobistar and 58% versus Base. The only thing that I can mention, I reiterate what we mentioned during the investor day is that the +€14 million EBITDA that was announced previously was revised to a negative impact of -3 but just is a

confirmation of what we mentioned during the investor day. We just know that Europe is supporting and still supporting the symmetry solution but at this stage I don't expect short term many new things that will impact positively the situation for 2008.

Dimitri Kallianiotis: Thank you. Would you be willing to take some legal actions to change the recent decision or the consultation process?

Michel Georgis: We are looking with our legal advisors but at this stage no specific measure has been taken.

Didier Bellens: The answer is of course we do the best we can to influence the regulator, it's ok because Belgium and European regulators are supporting our position, now it's at the level of court and we go on influencing politicians just explaining that Belgium is in a unique situation regarding the asymmetry so ministers accept our statement and they know that this thing has to be fixed one way or another way. That's the only information we can give. Regarding the consolidation in Europe we have followed what's going on of course, I first want to make one internal comment, of course we are developing our business up to now on a standalone basis and we at the management team level consider that we are doing extremely well and that we are even in advance compared with some of our peers in Europe and I can give you a few examples so if you take the development of our networks, the VDSL investment we've made it has been perfectly well done, we are ahead compared with any other European country. We do cover now 61% of the population, we've done that within the budget we've approved a few years ago and the timing was exactly perfect and has the right technology. The development of our move to all-IP, we are also going to move there so we don't need anybody to tell us what we should do. If you think about our IPTV move I think we are considered as one of the world references and that's working extremely well, so that means that in terms of innovation and new development conversions of all the services, new structures within the company, all that is absolutely ok. Regarding consolidation you know quite well that people have talked about consolidation for the last 20

years now probably and obviously one day people will be right, maybe it's coming but I don't know and we should not speculate. Our vision at the level of Belgacom is very clear, if there is a consolidation in Europe we are not going to be a consolidator and when I talk about consolidation that means that there will be like in the United States a very limited number of players and limited means maybe three. We are not going to be one of the three by definition taking into account our size, so if we are not one of the top 3 than maybe we can be one of the consolidees by definition and in the meantime we do consider that our job is to create value for the shareholders so that's what we are doing today. Are we interested to look at some investments in the meantime, we've always said in our strategy that yes, we may be looking for further investments even abroad if it makes sense and if these investments are creating value. If we don't find something creating value for the shareholders we are not going to do it. This has been our consistent strategy for years now and our intention is to go on with this strategy.

Dimitri Kallianiotis: Thank you, that's very clear.

Operator: Our next question comes from Ulrich Rathe of Dresdner Kleinwort. Please go ahead

Ulrich Rathe: Thank you, two questions please. One is could you comment a bit on the competitive environment in mobile in particular in light of the credit and discount line jumping up quite a lot in the quarter on a year on year basis. I know this is in the old reporting and you're trying to move away from that but I'm seeing this big jump and I was wondering how you view that? Is this something that you see an opportunity in the market or are you pressurised into it or how would you comment on that? The second question regards the ICT business, again in the old reporting where we can actually compare trends it looks as if the first quarter grew a lot slower than the fourth quarter. I was just wondering where you see trend growth and whether you believe you can grow at that trend growth in 2008? Thank you.

Didier Bellens: Ok, excellent, so mobile competitive environment, that's for Michel and ICT for Scott.

Michel Georgis: Let me comment on the evolution of the credit and discount. You have to put that in perspective and it's clear that on the Belgian mobile market the free minutes and the free SMSs are becoming more and more popular. Now when you look at the evolution of the gross revenue you see that the total gross revenue is decreasing by 3.5% and it's exactly the same trend as the net service revenue, 3.5%. Now when I look at – that was the total revenue – when I look at the gross revenue we have an increase of roughly more than 50 million, 54 to be precise but there is an impact of 24 million in voice and data services but we have an impact of the regulation so if we exclude the impact of regulation we come to an increase in gross revenue of 54 versus an increase of the credits and discount of 43, so this means that we have a net delta positive of 11 million.

Ulrich Rathe: That makes perfect sense, thank you for that. On the ICT business?

Scott Alcott: I would also just add on the enterprise side of things for mobile, excluding regulation revenue for EBU would have grown 4.6% so in answer to your question we are using credits and discounts but intelligently to fight off the competition, reduce churn and make sure that we've got a customer base in place that we can add services to, you saw the important growth in mobile data revenue in the enterprise sector so we've got to think about keeping our customers, keeping the relationships, getting our market share so we can cross-sell high growth products and services so that's on the mobile side. On the ICT side we're not giving quarterly guidance but I think we need to be clear that we see this as one of the growth areas for the company. I think it is industrially known that there tends to be improvements through a calendar year because of the lead time in sales cycle in the ICT sector in general I think you'll find that but I won't comment specifically on quarterly guidance related to that trend in our numbers but it is an area that will grow for us.

Ulrich Rathe: Sorry, maybe that wasn't clear. I was asking for trend growth, not for quarterly growth.

Where do you think is the trend growth in that business so that we can gauge what's going on there? I appreciate that the growth rates swing a lot between the quarters.

Scott Alcott: Last year ICT grew 7%. This year we're seeing...we reported a growth with the acquisition of ISIT. It continues to be on that trend line that I think we'll see some high single digit growth for ICT but as we move up the value chain we're hoping to do better over time. This is a long range investment and I remind you we're in a business not per se to grow ICT revenue as much as it to be the anchor tenant that can help get the client connected so that it can drive the rest of our business, so our access, our managed services, our mobile ICT is a tool to anchor the rest of that business as well.

Ulrich Rathe: That's helpful, thank you.

Operator: From Petercam Thijs Berkelder has our next question. Please go ahead.

Thijs Berkelder: Good afternoon, two main questions. Can you give a reaction on the announcement by Telenet that they potentially will buy the fourth licence and what that could mean for your Proximus strategy? The second item, Belgacom TV is still growing very fast and looking at Telenet's numbers you clearly seemed to convince some basic cable subscribers at Telenet to switch to Belgacom. Can you give some grip on the split Flanders, rest of Belgium in your TV viewer customer base?

Didier Bellens: So the Telenet fourth licence for mobile, I guess everybody read this message. In a country like Belgium to have a fourth licence doesn't make any sense but some people may be happy to see more competition in the market and if it does happen it will be by definition tough for the number three, the number two and we'll still be by far the number one. So we'll follow that as we are following any change. What we've seen during the last months or the last years is a lot of

announcements made by the competition but not a lot of achievements. I think personally if there is a fourth licence that means a lot of new investment to be made by Telenet and then later there will be a merger between one of these licences because it's probably too much for the country. Regarding TV...Michel, do you want to add something?

Michel Georgis: I can answer the question regarding TV if you want. Regarding TV, indeed we are quite pleased with the 44,000 TV subscribers we registered in the first quarter and we don't disclose I would say a split between regions but we see clearly that we are taking ground from Telenet even in their region.

Thijs Berkelder: Can you give a reason for why they exactly switch to Belgacom? Are they mainly already customers on your broadband network but maybe also they switch into your full package?

Michel Georgis: It's clear that we continue to have quite a lot of success with our packs and the product is quite a good one and I remember also the advertising campaign we did where we explicitly mentioned cut the cable and you see that more and more people are cutting the cable while in the past you had a lot of subscribers that were keeping the two, cable and Belgacom TV. Price is of course very competitive too.

Didier Bellens: Just to give an idea, at the very beginning I have said that our objective is to have 50% market share for TV so by definition let's say we have to be very strong in the North and in the South and a 50% market share is definitely based on the market share of broadband we have and so we do consider that all our broadband customers should have a connection to Belgacom TV because that just doesn't make sense to have a connection to DSL with Belgacom and then to have interactive TV or high definition TV now with Telenet. So one provider, that's the future and think that our campaign 'cut the cable' has an impact and are going in the right direction for us.

Thijs Berkelder: Ok, thank you.



Operator: Luis Prota of Morgan Stanley has our next question. Please go ahead.

Luis Prota: Hello, I have two questions. The first one is on mobile broadband which I think that earlier this week I saw an announcement saying that you were cutting tariffs by 40% so I would like to know whether this tariff cut was across the board to all the products or is it a promotion or something like that? Also what's your strategy and the commercial approach for this service? What's the risk of cannibalisation of fixed lines and these kind of things? The second question is on the access market I've seen that PSTN lines are coming down like 7% putting together consumers and enterprise. Is there any increase in competition in the access market that you have noticed, what are the trends here and also if you could remind me what's the percentage of mobile only households in Belgium would be it would be great. Thank you.

Didier Bellens: Thank you, so the two questions for Michel.

Michel Georgis: Let me answer first the second one regarding the access lines. We have a decrease in Q1 of in fact net 46 compared to 36 in the same period of last year. I don't see an acceleration of the erosion of the access line. When I look at what happened last year in Q2, Q3 and Q4 we have roughly 45,000 fixed lines lost, now it's clear that part of the erosion is linked to the launch of the VOIP offer we launched in March, we registered 9,000 VOIP customers in the first quarter of 2008 and then also the naked DSL offers that were also launched in the second part of last year that are also quite successful. So that's the main reason but I don't see an acceleration of a level of risk there. Your first question regarding mobile broadband, there we stick clearly to our vision of conversion, mobile internet as a compliment to our fixed line. Even if we have decreased our prices for mobile internet we stick to this strategy and when I look at the evolution of our broadband lines in the first quarter of 2008 I'm quite confident that we have the right strategy.

Luis Prota: If I can follow up on that...

Michel Georgis: You raised a question regarding the mobile only, I think it's 26%, 27% mobile onlys and is rather stable for the time being.

Luis Prota: Ok. On the reduction in tariffs of mobile broadband, now mobile broadband prices are going to be below the fixed DSL prices so what's the risk in your view of cannibalising these fixed lines?

Michel Georgis: To the very good coverage of our broadband network I don't see at this stage a big risk of substitution but again I see quite a lot of potential of complementarity between fixed and mobile broadband offers.

Scott Alcott: On a contrary business side as well as consumer we're looking for adjacencies here. The price allows it to be something we can put in packages and bundles and we can in the enterprise sector offer there fixed and data connectivity which they're not going to unhook because of the mobile tariffs which we allow them to have one solution and that the strategy here is adjacency. There are other operators that are cannibalising themselves and trying to offer the customer one versus the other. We're a company that offers total packages, total bundles on the enterprise side which is more than half the revenue. We approach the businesses with fixed and mobile, with both of these things as adjacencies and we have platforms where they can use mobile tariffs to access their VPN, the Explore platform that combine both fixed and mobile. We are using this strategy for convergence on the mass market side. Remember we're increasingly adding services like TV and high bit rate, high performing requirement services on the physical DSL line with mobile internet being an 'and', a take with you that should not substitute and so our strategy is to make those adjacent and accretive and our pricing strategy is in line with that.

Luis Prota: That's clear, thanks very much.

Operator: We now have a question from Bart Jooris of Fortis, please go ahead.

Bart Jooris: Yes, hello, three questions exactly. First of all could you give us an update on your stance on the Intercable and Scarlet cases that are going on? Second question, you were able to reduce your staff costs in both CBU and EBU by laying off or reducing the full time employees. How can we see that evolve during the year? Can we still expect an indexation or are there further FTEs that could leave the company? Then third question is you had a nice number of mobile additions, 65,000 in CBUs. How much of those are from your bundled offers?

Didier Bellens: Ok, so the third question Michel, do you have the figure?

Michel Georgis: I don't want to disclose the split. What we always said is that today it's clear that the pack bundling internet and TV is the most popular. What I can disclose is that in the total 65,000 active mobile customers for CBU it's clearly coming and the ratio cost base is the biggest majority of the incremental growth we have in CBU.

Bart Jooris: Ok, thank you.

Didier Bellens: Ray, Intercable?

Ray Stewart: The Scarlet one is simply we have to wait to see what the competitive authorities finally rule on so I guess there's no new news for that, we'll just have to wait. The Intercable, it's simply waiting to find out exactly how the new process is going to work.

Didier Bellens: For those who were not really following that very closely, Intercable represents 1/3 of Flanders as you know, Telenet is covering 2/3 and Intercable 1/3, it's a cable operator and Telenet was willing to link its operation with Intercable or to buy Intercable and we came in and

we've said publicly that we are ready to make an offer for Intercable. By doing that we would have access to cable in Belgium, that would be something very new and you know that I would really like to have this kind of level playing field between cable and our telco network. Number two, we would buy also TV customers, approximately 800,000 TV customers, so that's basically the deal. In terms of timing we probably are going to make a non-binding offer in due time just to move a bit this file, so that's where we are today. Regarding the last question related to staff reduction, we have approximately a reduction during the first quarter by 268 head count and half was related to natural attrition and another half due to one of our latest programmes, so the Tutorship programme. As you may remember we've said that we don't intend to put in place new programmes which means that you should not see in the future a lay-off or costly lay-off at the level of personnel. What we know is that every year we'll have natural attrition. We avoid to replace people leaving the company except if we don't find the competencies within the company and of course we had the Tutorship and there we have people leaving on a regular basis. As you know also as of 2011 or 2012 we have natural attrition which will be at a level of about 800 people a year which means a lot of people, so that really means that when I look forward this company is no longer going to have a problem with the personnel and will not have to really lay off personnel, so that's really becoming very good news. At the same time we are going to invest in our programme related to a move to all IP, I think Scott discussed that already with you in the past and because of this programme over a five year period we improved the efficiency of the company and we'll be in a position indeed of seeing our head count decreasing. The head count will decrease, at the same time natural attrition will increase which means that timing is going to be absolutely perfect, so it will have the impact of efficiency, decrease of costs without having to invest in huge lay-off programmes. So for the rest of the year yes you should see further decline in the head count due to natural attrition.

Bart Jooris: As inflation is going up in Belgium could we see any more indexation of the wages?

Didier Bellens: Yes, because you know indexation is in Belgium automatic. We can have a very long debate so we should have I think one more indexation in Belgium. The debate is very simple and I don't want to do something which is just political. At least with indexation we know where we go, so it's very transparent, indexation. When you don't have indexation you may have the increase of salaries you'll see sometimes in countries like Germany or France where all of a sudden you have a huge increase of salary. In Belgium it is done on a more regular basis linked to cost of living so that's one of the advantages of our system.

Bart Jooris: Ok, thank you.

Operator: Bertrand Kuentzler of ING has our next question. Please go ahead.

Bertrand Kurentzler: Thank you, good afternoon, I had a few questions. First of all on PSTN line erosion we have seen an acceleration of PSTN line erosions last year. Could you tell me what kind of further initiative would you be able to take to mitigate that effect? We have seen recently that you have a PSTN plus IPTV bundle. Could we imagine that you would become more aggressive on promoting in the IP in the future? Maybe a second question on MVNO, following the success of Mobisud could we imagine that you would launch further MVNOs throughout the year?

Didier Bellens: Michel, maybe the MVNO?

Michel Georgis: Regarding MVNO I must confess that we are quite pleased with the partnership with Maroc Telecom and with the results of the first quarter. We are in discussion with a certain number of potential partners but we are open in terms of partnership to discuss MVNO models or brand licensing models so there is no preference for one or the other one.

Didier Bellens: Ok Michel, thanks. Maybe on the PSTN line Scott.

Scott Alcott: I think Michel and I are experiencing the same thing which is we're not interested in retaining a technology, we're interested in retaining the connection and the revenue that comes with it. So let's be clear as we move to all IP it's actually our goal to have PSTN decline because we're going to be upgrading customers to broadband connections and you actually see that effect in our numbers right now and I think we mentioned on the investor day we're going to be breaking out voiceover IP and there has been an effect because of our naked DSL lines but which also come on the back end with flat rated VOIP packs – this is on strategy and it's not our agenda per se to retain PSTN but to retain and even grow the revenue of the customer. We're going to be doing that through packages, that's on the mass market side and on the enterprise side. On the enterprise side we're trying to increase our high capacity connections with platforms like Explore and we're also happy to increase the connections whether they're fixed and mobile. People are no longer incentivised purely to secure a fixed or a mobile, we're trying to get the total value of the customer by bringing that connection whether it's a package with TV, internet, mobile and internet and fixed access, whether it's special access that's what we're going for. I think you need to expect to see the PSTN line decline continue, it is our objective to make more aggressive migrations to DSL as we move to all IP and watch for us to add voiceover IP and IP services on those connections.

Operator: Our next question comes from Alexander Stolberg of ING Equities. Please go ahead.

Alexander Stolberg: Hello, my question is a hypothetical question. If you take the Austrian situation we have Mobistar which is being able in summer to offer 7.2 megabytes a second on mobile broadband products. How would you be impacted if Mobistar were to launch a very aggressive campaign say by the end of this year when they would have sufficient coverage with the product pricing around €20 or €30 per sub for a monthly subscription, unlimited with 1GB, 7.2MB per second speed so my question would be first: is that likely to happen, a €20 package and how would you react or how would you be impacted?

Didier Bellens: Scott maybe.

Scott Alcott: First of all I think Mobistar has tried very hard, I heard lots of announcements about cut the wire and all of these and I notice not a lot of comment in their quarterly results about the success of that, I think that's interesting. I also point out that I think their third strategy, they've tried to make convergence in DSL work and then they've tried to do something with Telenet and this is the latest idea which is cut the wire. I wouldn't want that strategy in a market which has 99.7% DSL coverage, 61% VSDL coverage and 96% cable connections, I don't know what cut the wire means when you already have a high capacity connection that is bringing in TV and HDTV. 7.2MB is from a mobile perspective and is not sufficient to deliver any rich IP media. Understand that the target now is HDTV, two channels of that is 18 megabit but more importantly it can't have any latency that a mobile network would bring. So what Mobistar is asking a customer to do is not have TV, not have digital TV, cut that wire and live alone with a mobile connection which is 7.2MB shared I would point out. I think that's a bad strategy in a market like this. We respect it, it's something we need to watch but we know how not to react to that. We're not going to react to that with in-kind mobile against mobile only. The right solution is to bundle fixed and mobile and offer converged offers. We don't believe a customer will not want television. We don't believe they're going to swap out a high capacity connection that they already have, whether it's cable or DSL or copper in order to go it alone with mobile only and so given that our strategy is to add mobile to a fixed connection. If we need to respond to mobile only aggression we will do it by saying you can get mobile as an extension pack to a fixed line and we will start to add value to our fixed line to take share on fixed which is something that the cable operators are not in a position to do. Other operators have made the mistake to just go head to head with a mobile only battle and they cannibalise themselves. Belgacom knows how to avoid that problem. The last point that I'll make, Mobistar has a lot of work to do and many cell sites that they need to create. If they're intending 80% coverage my calculation is they need at least 3,000 more sites constructed. They're going to need to increase their backhaul and pay for leased lines or invest

new Capex for testing something like microwave backhaul. They also need to create indoor coverage where Belgacom can have indoor coverage backhauled off our fixed connections and leverage our incumbency there, Femto and WiFi solutions. I think Mobistar if they're successful has an awful lot of investment and frankly I think they're going to need to commit that capital in order to try to even obtain their strategy. I think the next thing to watch is to see if Mobistar commits that capital, it'll be a good sign to see if they're really bullish on their own forecasts.

Alexander Stolberg: Thanks very much.

Didier Bellens: Thank you Scott.

Operator: Now Siddy Jobe of Bank Degroof has our next question. Please go ahead.

Siddy Jobe: Hello, first of all to come back on the fixed line backhaul with regards to 3G, when do you believe a possible congestion of the 3G network could really play out your fixed line backlog? Then second half last year you were so kind to provide us with a split of mobile data in SMS revenue and in advanced data revenues. Could you do this also for full year '07 CBU and EBU numbers and perhaps also for the first quarter? Then third question you have discussed your revenue, the 3% revenue decline in Q1 '08. You have explained that throughout the year there should be a progression but you haven't discussed the EBITDA. Was this also in line in the first quarter or was this somewhat ahead on your own budget and towards the full year should we expect this margin to be stable? That's it.

Didier Bellens: I'll give this to Ray for the two last questions. The last one is a question on the margin, do you expect the margin at the same level?

Ray Stewart: The EBITDA margin, I guess it's what we opened up with as Didier said. Our guidance still holds for the year that we'll finish the year somewhere between 33%, 34%.



Siddy Jobe: But you didn't have the feeling that in Q1 '08 the EBITDA was somewhat ahead of your own budget?

Ray Stewart: As Didier said at the beginning the results that we had in the first quarter were very much in line with our own expectations – that includes at the revenue level and at the EBITDA level.

Didier Bellens: Then there was a question on...

Scott Alcott: Backhaul and the mobile data, I'll take those. First in terms of congestion of the 3G network, time to relax about that. We have 80% plus coverage at Belgacom and there's only 250,000 3G handsets in this market. There's a lot of room if you want to think about it in the access network component and of course scaling our core network is not an issue related to fill-in to the capacity and that's well within our plans, it's well within our budget, it's well within our guidance and I'm not concerned about that. My comment on fixed to mobile backhaul is I do think we're all in the industry aware of developments such as stem tube which has the advantage either in the residence or in the business, essentially a mini base station but that can do the backhaul over the DSL network or fixed line connections and that's interesting because that gives opportunities again for a true fixed to mobile convergence offer, interoperability between fixed and mobile features but also an efficiency to leverage instead of building more external 3G sites to get indoor coverage boosted we have an opportunity to have a fixed wireless solution that extends the indoor with some efficient backhaul opportunities and no, I have no concerns about core network congestion, any of those things. I think we've put IP in the court, DWDM quite scaled and we're the company that's running high IP pressurised TV over this core network so we're feeling pretty good. In terms of advanced data and breakdowns, we're not going back and restating '07 and the like and related to mixes between advanced and regular I can tell you in general we're seeing that...we'll follow up with a supplementary from investor relations with that request. For CBU and EBU we'll provide you with the breakdown like we have in the past.

Siddy Jobe: Thank you.

Scott Alcott: No problem.

Operator: Our next question comes from Guillaume Tastet of Oddo. Please go ahead.

Guillaume Tastet: Thank you, good afternoon gentlemen. I had two questions actually, the first one is regarding the fixed competitive landscape and if you feel an impact from the cable operators in the south of the country and maybe more globally how you see the competition evolve? The second one is regarding the other operating expenses at CBU, they decreased by something like 9% in Q1 and you expect that part of this is related to a different timing of advertising expenses. Can you give us a clue of what is related to advertising expenses and what is related to the do-it-yourself solution for Belgacom TV? Thanks.

Didier Bellens: The first question was competition in the south of the country with cable, right?

Guillaume Tastet: Yes, and maybe more generally on the broadband market in Belgium.

Didier Bellens: I'll take maybe this one and then the second will be for Michel. So in the south of the country up to now we don't feel the competition with the cable operators so they are not yet properly organised. They still have to make all the investments in the network and one of the very clear signs is the following: you know that they are unable to offer interactive TV because of the quality of their network which means that they are unable to offer video on demand which means that in the south of the country we are the only one to be able to offer video on demand and interactive TV generally speaking which means that we have a very strong position because of this new service or application and of course we are extremely successful with that compared with cable operators. So we still expect that they are going to organise themselves which means

that they should at the end by I don't know when, they should gain some market share at the level of the traditional telco business so broadband for instance but in the meantime my guess is that they are going to lose a lot of TV customers because their offer is just not in line with ours.

Michel?

Michel Georgis: Regarding your question on other operating expenses, a decrease of 9.2%. I just can confirm that it's a question of timing regarding the advertising campaign but I don't want to disclose and go further in the details in terms of type of advertising, we never did that for competitive reasons I will not disclose this type of information.

Guillaume Tastet: I understand that but my question was more on the decline of 9%, the part that was related to the advertising and the part that was related to the solution for the gap on TV.

Michel Georgis: Again I confirm I don't want to give this type of split.

Operator: That will conclude today's question and answer session. I would now like the turn the call back over to you Mr. Bellens for any additional or closing remarks.

Didier Bellens: As usual I would like to thank you for attending this session and especially to have this very interactive Q&A session, so thank you very much and I hope that we've been extremely clear. If you have some further questions our investor relations team is ready to answer all the questions you may have. Thank you.

Operator: That will conclude today's conference call. Thank you for your participation ladies and gentlemen, you may now disconnect.