> full-year report

FY 2009

belgacom

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Highlights

Good 2009 full-year result

- *Resilient revenue growing slightly*
- *Significant reduction of operating costs*
- *Record sales of bundled offers and Belgacom TV*

- Revenue guidance exceeded, with full-year 2009 Group revenue, excluding non-recurring items, of EUR 5,990 million, i.e. slightly growing by 0.2% compared to 2008.

- The organic Group revenue, i.e. excluding the impact from acquired and divested companies, was kept flat year-over-year at EUR 5,843 million.

- 2009 Group EBITDA of EUR 1,955 million, or 1.7% lower year-over-year. Solid EBITDA margin of 32.6%, i.e. -0.7pp compared to 2008, fully meeting guidance.

- The unrelenting focus on efficiencies and reducing costs resulted in a decrease of non-HR expenses by 5.6% compared to 2008. On an organic basis, non-HR expenses were lowered by 7%.

- 2009 Group HR-costs were 1.4% lower than for 2008, clearly benefitting from past and ongoing headcount reduction programs.

- Over the full year 2009, Belgacom Group invested EUR 597 million or 10% of the Group revenue, i.e. well within the guidance.

- Continued sound financial position with:
  - Free cash flow of EUR 797 million
  - Net debt level of EUR 1.7 billion, i.e. a ratio of 0.9 times EBITDA

- Success of multi-play offers and the positive seasonality effect pushed convergent bundles and Belgacom TV to new all-time high sales numbers in fourth quarter:
  - 106,000 convergent Packs sold in the fourth quarter, bringing the total number of new Packs sold over the year 2009 to 258,000. The total customer base for convergent Packs is 560,000.
  - 89,000 new Belgacom TV customers added over the last quarter or a total of 246,000 new Belgacom TV customers for the full year. The total TV customer base is 752,000.

- Normal dividend of EUR 1.68 per share, i.e. EUR 2.08 total annual dividend per share including the interim dividend of EUR 0.4 per share.

- New shareholder return policy approved by Board of Directors.

- Outlook 2010:
  Against the current economic background and taking into account the estimated regulation impact, Belgacom expects for full-year 2010:
  - A Group revenue increase between 8% and 9% compared to 2009, with BICS consolidated at 100% as of 1 January 2010
  - The EBITDA margin to be within the range of 30% and 31%
  - Capex levels around 10% of the Group revenue

Key figures

Income Statement (EUR million)	Year ended 31 December 2008	2009
Total revenue before non-recurring items	5,978	5,990
Non-recurring revenue	8	74
Total revenue	5,986	6,065
EBITDA (1) before non-recurring items	1,990	1,955
EBITDA (1)	1,905	1,967
Depreciation and amortization	-743	-706
Operating income (EBIT)	1,161	1,261
Net finance costs	-109	-117
Income before taxes	1,053	1,144
Tax expense	-254	-241
Non-controlling interests	-1	-1
Net income (Group share)	800	904

Cash flows and Capital Expenditures (EUR million)	Year ended 31 December 2008	2009
Cash flows from operating activities	1,552	1,406
Capital expenditures	-764	-597
Cash flows from / (used in) other investing activities	-380	-12
Free cash flow (2)	**409**	**797**
Cash flows used in financing activities	-570	-1,030
Net increase / (decrease) of cash and cash equivalents	**-161**	**-233**

Balance sheet (EUR million)	As of 31 December 2008	2009
Balance sheet total	7,782	7,450
Non-current assets	5,564	5,505
Investments, cash and cash equivalents	618	408
Shareholders' equity	2,271	2,521
Non-controlling interests	5	7
Liabilities for pensions, other post-employment benefits and termination benefits	777	677
Net financial position	-1,835	-1,716

Data per share	Year ended 31 December 2008	2009
Basic earnings per share (EUR)	2.45	2.82
Diluted earnings per share (EUR)	2.45	2.82
Weighted average number of ordinary shares	326,179,820	320,475,553

Data on employees	Year ended 31 December 2008	2009
Number of employees (full-time equivalents)	17,371	16,804
Average number of employees over the period	17,465	16,878
Total revenue before non-recurring items per employee (EUR)	342,291	354,917
Total revenue per employee (EUR)	342,746	359,322
EBITDA (1) before non-recurring items per employee (EUR)	113,934	115,849
EBITDA (1) per employee (EUR)	109,058	116,551

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities.

The Belgacom Management Committee declares that to the best of its knowledge, the condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, financial position and results of Belgacom and of the entities included in the consolidation. The financial report gives an accurate overview of the information that needs to be disclosed.

The Belgacom Management Committee is represented by Didier Bellens, President and CEO, Scott Alcott, Executive Vice-President Service Delivery Engine & Wholesale, Michel De Coster, Executive Vice-President Enterprise, Astrid De Lathauwer, Executive Vice-President Human Resources, Ray Stewart, Executive Vice-President Finance and CFO, Grégoire Dallemagne, Executive Vice-President Strategy and Michel Georgis, Executive Vice-President Consumer.

Shareholder return

New shareholder return policy

Belgacom's shareholder return policy remained unchanged since the IPO in March 2004. Over the past years, however, Belgacom has returned to its shareholders cash amounts significantly exceeding the stated dividend policy of 50% to 60% of Group net income, this under the form of dividends, interim dividends and share buybacks.
To increase the transparency of its future shareholder remuneration, Belgacom's management proposed to the Board of Directors a new shareholder return policy that clearly reflects the company's overall shareholder remuneration intentions.

On 25 February 2010, the Belgacom Board of directors approved the shareholder return policy to be as follows.

Belgacom commits to an attractive shareholder remuneration policy by returning, in principle, most of its annual free cash flow[1], to its shareholders.

The return of free cash flow either through dividends or share buybacks, will be reviewed on an annual basis, in order to keep strategic financial flexibility for future growth, organically or via selective M&A, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

From the financial result of the year 2010, Belgacom expects to return an annual dividend of €2.18 per share, payable in two tranches: an interim dividend of €0.5 per share and a normal dividend of €1.68 per share.

The shareholder remuneration policy is based on a number of assumptions regarding future business and market evolutions, and may be subject to change in case of unforeseen risks or events outside the company's control.

Dividend over result 2009

Belgacom's Board of Directors approved to propose to the Annual General Shareholders Meeting on 14 April 2010, the payment of a normal dividend of EUR 1.68 per share (gross).
This brings the 2009 total shareholder return to EUR 667 million, including the interim dividend of EUR 0.4 per share paid in December 2009. After approval, the normal dividend will be paid on 23 April 2010, with record date on 22 April 2010 and ex-dividend date on 20 April 2010.

1 Belgacom defines free cash flow as cash flow generated by operating activities, minus capital expenditures and including other investing activities such as acquisitions or divestments.

Strategic progress

Belgacom Group

Successful convergence strategy

Continued focus on convergence strategy, moving consumers towards multi-play offers

Operating both a mobile and fixed network, Belgacom continues to see convergence as the key to long-term success and therefore continued to implement its strategy along this line for both customer business units throughout 2009.
Consumers increasingly look for telecom solutions that offer more freedom, simplicity and value for their money. Belgacom's Consumer Business Unit (CBU) is in an excellent position to respond to this need via convergent product bundles, moving customers from "single-play" to "multi-play".

"Fair"-program triggers strong take-up of bundles. Up 85% yoy to 560,000 Packs in total

Being a challenger for Digital TV, in a highly penetrated cable market, Belgacom launched mid-2009 a company-wide program called "FAIR" to counter cable competition. New convergent offers (Packs) were launched under this program. With this new set of Packs, customers calling (fixed or mobile) and surfing with Belgacom save an amount equivalent to the basic TV subscription and set-top box rental every month. This unique triple-play offer, marketed with "Free TV", allows customers to enjoy the advantages of convergence to the full. This offer continued to deliver promising results in both the north and south of the country and was in addition to the positive seasonality effect, the driver of a new all-time high sales number in the fourth quarter: + 106,000 Packs. By end 2009, Belgacom counts in total 560,000 Packs or 258,000 more than one year ago.

TV customer growth reaches new all-time high in Q4'09: +89,000 net adds

The success of the "triple-play"-Packs positively impacted the sales of Belgacom TV as well and led to a very strong result in the fourth quarter with no fewer than 89,000 TV subscriptions sold. This brings the number of new TV subscriptions for the full year 2009 to 246,000, compared to 201,000 net additions in 2008. By year-end 2009, the total TV customer base reached 752,000 (including 100,000 second -stream customers), ranking Belgacom TV among the top three of the fastest growing and most innovative IPTV platforms in the world.

Scarlet, Belgacom's subsidiary targeting the "no-frills" segment, also contributes to the success of the TV offer. With its convergent offer "Scarlet One", including fixed and mobile calling, fixed Internet and television, Scarlet competes primarily with the cable offering.

Mobile Internet initiatives paying off. Advanced mobile data revenue growing ~12% yoy for CBU

Belgacom has taken initiatives to lower the barrier for Mobile Internet on laptops for consumers through "Internet One", a converged offer allowing Belgacom Internet users to surf on their laptop while on the go anywhere in Belgium. Different solutions are available, from the free of charge "Mobile Internet Free Weekend" to the "Anytime" offers, allowing customers to surf at attractive rates.
Furthermore, in November 2009, Belgacom launched the sale of the Samsung N130 netbook in its shops. Customers who purchase this model in combination with a mobile Internet subscription are entitled to a considerable discount on the netbook.

The above-mentioned initiatives have been important growth drivers of the Advanced Mobile data revenue in the Consumer Business Unit, increasing year-over-year by 12%.

Explore, converged solution for enterprises, growing to 30,851 lines

Within the business segment, convergent solutions are offered via the "Explore" platform, providing full end-to-end mobile and fixed solutions. By year-end 2009, the number of lines on the Explore-platform increased to a total of 30,851.

Targeted converged solutions for the SME segment

For small and medium enterprises (SME), targeted convergent offers answer the specific needs of this business segment. "Fusion" for example allows for flat rate in-company calling for both fixed and mobile calls. By end of 2009 127,000 customers had signed up for this offer, almost double compared to end 2008. Similar to the converged packs for households, Belgacom's "Bizz Packs", launched in November 2009, target self-employed customers. Depending on the number of employees and the specific requirements, the customer can choose from a wide range of converged product solutions, combining everything he needs to run his business -fixed and mobile telephony, Internet, and even Belgacom TV. All this is provided at higher service levels and charged on one single bill, increasing the customers' cost control.

EBU grew its advance mobile data revenue by 20% yoy

With employees such as sales people and technicians being increasingly on the move, mobile internet became an important growth pole for the Enterprise Business Unit, especially within the SME-segment. To drive this growth, several initiatives were launched in 2009, lowering the threshold for mobile data usage, both via laptops and smartphones. The advanced mobile data revenue grew by nearly 20% compared to 2008.

Become Belgium's preferred network-centric ICT provider and a reference in its European footprint

Impact of crisis limited and well under control

As predicted, the enterprise business segment was not fully immune to the crisis. The impact became visible early 2009 in two main areas: mobile usage and large IT-projects. The decrease in mobile usage was the direct result of professional customers saving on telecom expenses and reduced business travel.
The ICT-domain showed symptoms such as longer sales cycles for IT-hardware-projects, delayed orders and existing customers asking to renegotiate contracts. The resulting pressure on revenue, however, has had only a minor impact on EBITDA.
The trend continued in the fourth quarter 2009, although the situation has not deteriorated since mid-2009.

The decision to divest all non-core presences of Telindus International by end 2008 and focus on the remaining five core presences lowered Belgacom's risk profile, and was therefore helpful in the current economic climate. Although the divestment program caused a EUR 69 million reduction in revenue compared to the previous year, it positively impacted the EBITDA level.

Whereas mobile and IT hardware-projects are vulnerable to a weak economic climate, other product areas such as Videoconferencing and Data center services (housing/hosting) are doing well in these challenging economic conditions.

Strengthen leadership through innovation

Innovation key to address changing customer needs

The telecom market is changing fast and customer needs continuously evolve. Innovation is key to address these changes. Earlier this year, Belgacom therefore decided to group all its Innovation efforts in order to accelerate the innovation culture of the group. This resulted in, for example, the launch of a coherent portfolio of micro-payment solutions under the brand of PingPing and a number of partnerships in the Mobile payment business.

Disciplined stance on opportunities outside Belgium

Disciplined M&A strategy continued

Belgacom's M&A strategy has remained unchanged over the years with a primary focus on Belgium and ongoing investments to enable organic growth and innovation. In the meantime, the Group continued to monitor possible opportunities outside Belgium, while adhering to its disciplined stance, and maintaining strict valuation criteria. Any opportunity should therefore be in line with Belgacom's strategic rationale, satisfy strict financial criteria and synergy criteria, create shareholder value and be achievable.

Operational excellence through high-quality network

In 2009 EUR 597 million capex invested, 10% of revenue.

Throughout 2009, Belgacom continued its future proof network investments supporting organic growth, allowing for innovation & transformation and increasing customer satisfaction. In total Belgacom spent EUR 597 million capex, or 10% of the Group revenue.
Early investments in the Broadway project, i.e. VDSL2 and bringing fiber to the street cabinet, now yield high rankings in terms of fiber-to-the-curb coverage. With no less than 73.1% of households covered, Belgacom finds itself among the top 5 worldwide and was awarded the "2009 Innovations Award" by Global Telecoms Business.
In 2009, the Broadway project has required an investment of EUR 45 million, of which EUR 11 million in the fourth quarter.

Belgacom TV population footprint of 87%, 69% in HD

By end 2009, Belgacom increased its TV footprint to 87.2% of Belgian households. The continued investments in the Broadway project also allowed for an increase in the number of households with access to High Definition services. By end 2009, 68.8% of Belgian households could watch TV in high-definition (HD) quality.

3G outdoor coverage of 96.7%

Belgacom's Mobile network, since 2004 gradually upgraded to 3G and subsequently HSDPA, currently has an outdoor coverage of 96.7%.

"Move-to-All-IP" progressing

In 2008, Belgacom started the business transformation project "Move to All IP", entailing a full re-engineering of the network, IT systems and processes. So far, the capital invested in the MaIP-project amounts to EUR 51 million, including EUR 40 million in 2009. The main achievements of this transformation so far, are the enhanced repair process and the implementation of a new Voice-over-IP platform on which the first professional customers are connected.

Move Belgacom ICS up the mobile value chain, increase value through organic growth and participate in the market consolidation

BICS leading International carrier in Africa.

With the completion of the MTN deal, Belgacom ICS (BICS) reached an important milestone in the carrier market consolidation, executing its strategy to be one of the leaders of this consolidation. Through this transaction, BICS reinforced its footprint and became the leading International Carrier in Africa.

The extension of BICS' strategic co-operation with MTN, combining their international carrier services, was completed on 1 December 2009 and led to MTN becoming a new shareholder of BICS. As from that date, Belgacom owns 57.6% of the new enlarged entity, Swisscom 22.4% and MTN 20%.
The combination of BICS with MTN ICS is expected to yield greater economies of scale and cost efficiencies.

To achieve further organic growth, BICS focuses especially on growth regions, in particular Asia, Africa and the Middle East. Furthermore, in cooperation with partners, BICS invests in submarine cables.

Besides its core transport business, BICS aims to move up the value chain by further strengthening its leadership position in mobile data and by deploying new services for the wireless industry, such as a Roaming Hub and its GSMA-endorsed International Mobile Remittance Solution.

CSR to enable sustainable growth

Be one of Belgium's leading companies in terms of Corporate Social Responsibility

Belgacom is committed to being a socially responsible company and has translated its CSR approach into an ambitious five-year plan with a clear climate strategy, which has been approved by Belgacom's Board of Directors. The CSR-plan combines objectives based around three main pillars: access to communications; health and electromagnetic fields; and climate change.

As the leading provider of telecommunication services in Belgium, Belgacom believes it can play an important role in enabling the transition to a low-carbon society. Belgacom therefore aims to reduce its CO_2 emissions in Belgium by 70% by 2020, to help its customers to reduce their own impact on the environment and to raise awareness about this issue among its employees, suppliers and the general public.

Financial report

Belgacom Group

- **Slight revenue increase in a difficult economic market**
- **Strong cost reduction: Non-HR costs down 7% yoy on organic basis**
- **Benefitting from reduced headcount: HR expenses 1.4% lower**
- **Solid EBITDA margin at 32.6%**
- **Free cash flow of EUR 797 million**

✓ *Quarterly financials on group and segment level: page 28*

Revenue

	Year ended 31 December				
	2008		2009		Variance 2009/2008
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	2,253	38%	2,414	40%	7.1%
Enterprise Business Unit	2,696	45%	2,501	42%	-7.2%
Service Delivery Engine & Wholesale	415	7%	386	6%	-7.0%
Staff & Support	34	1%	33	1%	-2.0%
International Carrier Services	812	14%	892	15%	9.9%
Inter-segment eliminations	-232	-4%	-236	-4%	1.7%
Total	**5,978**	**100%**	**5,990**	**100%**	**0.2%**
Non-recurring revenue	8		74		
Total	**5,986**		**6,065**		**1.3%**

The Belgacom Group ended the year 2009 **with a solid revenue[1] of EUR 5,990 million, up slightly from 2008**, an achievement giving the challenging economic environment. This results from:

- a solid full-year 2009 revenue from the Consumer Business Unit (CBU), growing year-over-year by EUR 161 million or +7.1%. The acquired companies Scarlet and Tango contribute for EUR 136[2] million. CBU's organic revenue grew 1.2%, largely driven by a strong growth in TV revenue (+55%) and higher mobile data revenue (+9%), more than offsetting the lower revenue from fixed voice (-6.3%) and mobile voice (-2.8%);
- a 9.9% revenue growth in the International Carrier Services (ICS), increasing year-over-year by EUR 80 million;
- lower revenue (-7.2%) in the Enterprise Business Unit (EBU) which saw its revenue impacted by divestments for a total amount of EUR 88 million. Organically, EBU's revenue decline was limited to 4.2%, driven by regulation and by the economic crisis impacting mobile usage and large IT-projects.

Excluding the impact from acquisitions and divestments, the **Belgacom Group reports a flat organic revenue** for the full year, including a EUR 60 million negative impact from regulation. Excluding the regulation impact, **Belgacom's underlying business grew by 1%**.

As expected, the Group revenue growth in the fourth quarter 2009 (-2.1%[3]) was influenced by the fading positive contribution from non-organic revenue[4] and ICS' high revenue since the fourth quarter of 2008.

Reported vs organic revenue	Year ended 31 December		
(EUR million)	2008	2009	Variance in % 2009/2008
Reported Group revenue	**5,978**	**5,990**	**0.2%**
Acquisitions (CBU)	-53	-189	
Divestments (EBU)	-93	-5	
Inter-segment elimination	9	46	
Organic Group revenue	**5,842**	**5,843**	**0.0%**

[1] Reported revenue before non-recurring items
[2] On Group level this is EUR 98 million as a part is eliminated
[3] Year-over-year comparison for fourth quarter, excluding non-recurring items
[4] Consolidation of Tango and Scarlet as of 1 August and 1 December 2008 respectively

Non-recurring revenue
Following the closing of the transaction between Belgacom ICS and MTN, Belgacom recognized a non-cash capital gain of EUR 74 million. This is the net result of the MTN contribution at fair value for 57.6%, minus the dilution of the BICS book value, going from 72% to 57.6%.

Operating expenses before depreciation and amortization

Belgacom reduced its costs significantly during 2009, with **personnel expenses 1.4% lower** than the previous year and other operating expenses reduced on a yearly basis by 5.6%. **Organically, the other operating costs are even 7% lower than 2008**. The favorable cost evolution accelerated in the fourth quarter 2009 with organic non-HR costs down year-over-year by 12.4%.
This achievement is mainly driven by the company-wide cost reduction program as launched at the start of 2009 in anticipation of the impact of the economic recession on some parts of Belgacom's business.

Following initiatives contributed to the favorable cost evolution:
- Cost efficiency efforts across the Belgacom Group in terms of body shopping, maintenance, utilities, general services, etc.
- In May 2009, Belgacom requested a price reduction from its suppliers providing body-shopping for financial and technical services.
- Belgacom vacated the Proximus Boréal building by end 2008 and moved all Proximus employees to its headquarter building. This was made possible by the "active office program" which optimized the headquarter office space. In 2009 this brought important cost savings in Staff & Support.
- The Enterprise Business Unit took an early decision to divest all non-core Telindus countries, resulting in significant cost savings in the ICT domain and lowering its risk profile.

	Year ended 31 December		
(EUR million)	**2008**	**2009**	**Variance 2009/2008**
Costs of materials and charges to revenue	1,975	2,087	5.7%
Personnel expenses and pensions	1,124	1,108	-1.4%
Other operating expenses	890	840	-5.6%
Total	**3,988**	**4,035**	**1.2%**
Non-recurring expenses	93	62	-32.9%
Total	**4,081**	**4,097**	**0.4%**

Costs of materials and charges to revenue
The sales-related costs **increased by 5.7%** compared to 2008, mainly as a **result of a changing revenue mix** within the Consumer Business Unit and the **growing weight of International Carrier Services** in the total Group revenue. In the Enterprise segment and in Service Delivery Engine & Wholesale on the other hand, sales-related costs came down significantly.
The fourth quarter 2009 sales-related cost increase was limited to 1.9%, mainly due to the lower cost of sales of ICS, decreasing by 4.6% compared to the fourth quarter 2008 as a result of the lower year-over-year revenue.

Personnel expenses
Full-year 2009 Personnel expenses **decreased 1.4%** compared to 2008, with Belgacom **visibly benefitting from the past and ongoing headcount reduction programs**. In the course of 2009, 567 FTEs left the company through a combination of natural attrition and outflow through the Tutorship and External mobility programs. This fully offset the salary indexation impact carried-over from 2008.

Number of FTE	**End 2008**	**End 2009**	**12 months variance**
Consumer Business Unit	5,979	5,718	-261
Enterprise Business Unit	5,479	5,328	-151
Service Delivery Engine & Wholesale	3,421	3,303	-118
Staff & Support	2,263	2,230	-33
International Carrier Services	229	225	-4
Total	**17,371**	**16,804**	**-567**

Other operating expenses
Other operating expenses were **reduced by 5.6%** or EUR 50 million compared to 2008. This positive evolution is mainly the result of cost reduction initiatives across the company, lower costs following the Telindus divestment program in EBU and cost savings linked to the vacated Proximus building. The savings were partly offset by the cost increase in CBU resulting from the acquired companies Tango and Scarlet.

On an **organic basis, the non-HR cost decreased by 7% compared to 2008**, with costs going down by 12.4% in the fourth quarter, including a positive one-off.

Non-recurring expenses[1]

Non- recurring expenses of EUR 62 million reported in the second quarter 2009 include the fine imposed by the Belgian Competition Authority for a net amount of EUR 55.5 million and the costs of restructuring programs for an amount of EUR 7 million.

Operating income before depreciation and amortization (EBITDA)

	Year ended 31 December				
	2008		2009		Variance 2009/2008
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	1,093	55%	1,048	54%	-4.1%
Enterprise Business Unit	1,266	64%	1,231	63%	-2.8%
Service Delivery Engine & Wholesale	-67	-3%	-64	-3%	-4.6%
Staff & Support	-366	-18%	-337	-17%	7.9%
International Carrier Services	64	3%	78	4%	21.7%
Inter-segment eliminations	0	-0%	0	-0%	-
Total	**1,990**	**100%**	**1,955**	**100%**	**-1.7%**
Non-recurring revenue	8		74		
Non-recurring expenses	-93		-62		
Total	**1,905**		**1,967**		**3.3%**

Belgacom reports for the full-year 2009 a Group EBITDA, excluding non-recurring items, of EUR 1,955 million, or a year-over-year **decline of 1.7%.** This brings the **EBITDA margin -excluding non-recurring items- for 2009 to 32.6%**, compared to 33.3% for 2008. Whereas the EBITDA margin was fairly stable over the first three quarters, the fourth quarter is typically lower. With 30.8%, the EBITDA margin for the fourth quarter 2009 is a slightly higher than the same period of 2008 (30.4%).

Depreciation and amortization[2]

Depreciation and amortization **decreased from EUR 743 million in 2008 to EUR 706 million for 2009**, driven by a lower asset base in SDE&W and the divestments of the non-core Telindus subsidiaries in EBU.
This decrease was partially offset by higher depreciations in CBU resulting from the consolidation of Tango and Scarlet and the success of Belgacom TV which increased the number of rented set-top boxes.

Net finance result[2]

The year-over-year variance in the net finance result, going from EUR -109 million in 2008 to EUR -117 million in 2009, results from the interest on bonds issued in the last quarter of 2008 for a nominal amount of EUR 500 million and lower interest revenues on deposits in 2009.

Tax expense[2]

Tax expenses amounted to EUR 241 million for 2009 or **a 21.0% effective tax rate (ETR)** compared to 24.1% in 2008. The ETR is based on the application of general principles of Belgian tax law and was in 2009 impacted by a number of one-time items. The non-taxable capital gain of EUR 74 million following the closure of the BICS-MTN transaction had a positive effect on the ETR of the fourth quarter 2009.

Net income (Group Share)[2]

The Group net income increased from EUR 800 million end of 2008 to **EUR 904 million** end of 2009, mainly as a result of a positive evolution of non-recurring revenue and expenses while year-over-year the depreciation and amortization decreased.

Capital expenditure (Capex)

Belgacom Group invested over the **full-year 2009 a total amount of EUR 597 million or 10% of its Group** revenue.
The capex level in the fourth quarter is typically higher, during the fourth quarter of 2009 a total of EUR 192 million was invested.
The difference with last year is mainly explained by the renewal of the football broadcasting rights in 2008 (EUR 105 million, covering three football seasons).

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[1] Non-recurring revenues and non-recurring expenses include gains or losses on the disposal of consolidated companies exceeding individually EUR 5 million, fines and penalties imposed by competition authorities or by the regulator exceeding EUR 5 million and costs of employee restructuring programs.

[2] Consolidated income statement: page 31 of press release

(EUR million)	2008		2009		Variance 2009/2008
	Year ended 31 December				
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	195	25%	89	15%	-54.1%
Enterprise Business Unit	19	3%	20	3%	2.0%
Service Delivery Engine & Wholesale	477	62%	422	71%	-11.5%
Staff & Support	54	7%	44	7%	-18.7%
International Carrier Services	19	2%	22	4%	17.4%
Inter-segment eliminations	0	-	0	-	-
Total	**764**	**100%**	**597**	**100%**	**-21.8%**

Cash flows

(EUR million)	Year ended 31 December 2008	2009
Cash flows from operating activities	1,552	1,406
Capital expenditures	-764	-597
Cash flows from / (used in) other investing activities	-380	-12
Cash flow before financing activities or "free cash flow"	**409**	**797**
Cash flows used in financing activities	-570	-1,030
Net increase / (decrease) of cash and cash equivalents	**-161**	**-233**

End 2009, Belgacom reports a **cash flow from operating activities** of EUR 1,406 million, including the payment of the EUR 66 million fine to the Belgian Competition Authority, the EUR 35 million EBITDA decrease in 2009 before non-recurring items, and the deferral in 2008 of the payment of the football broadcasting rights over three years .

The cash flows from other investing activities increased year-over-year by EUR 368 million, mainly due to the acquisition of Tango and Scarlet in 2008 for a combined amount of EUR 380 million net of cash.
This results in a **free cash flow for 2009 of EUR 797 million**, i.e. EUR 388 million higher compared to 2008.

The **lower Free Cash Flow in the last quarter 2009** is due to the payment of the interests on the Group's long-term loans, a double VAT payment in December, and the catch-up of withholding Tax payments. In addition, capital expenditures were higher in the fourth quarter and Free Cash Flow was impacted by the share dilution in BICS following the MTN transaction closure.

The **cash flow used in financing activities** decreased by EUR 460 million compared to 2008, mainly due to the issuance of bonds end 2008 for a nominal amount of EUR 500 million, partly offset by EUR 352 million used in 2008 for share buy-back programs, while in 2009, the Group reimbursed matured long-term loans for an amount of EUR 300 million. The cash flow used in financing activities includes dividends paid to shareholders in 2009 for a total amount of EUR 684 million, whereas this was EUR 710 million in 2008.

As a result, the **cash and cash equivalents** decreased by EUR 233 million in 2009 compared to a decrease of EUR 161 million in 2008.

Balance sheet and shareholders' equity[1]

As a result of the finalization of the purchase price allocation of Scarlet, the **goodwill** decreased by EUR 23 million compared to year-end 2008. ***Intangible fixed assets and property, plant and equipment*** decreased by EUR 11 million in 2009 resulting from a mix of impacts from capital expenditures, depreciation and amortization, the recognition of customer base and trade name as a result of the purchase price allocation of Scarlet and the contribution by MTN of its international carrier assets into BICS.

The **shareholders' equity** increased from EUR 2,271 million at year-end 2008 to EUR 2,521 million in 2009, reflecting mainly the excess of the 2009 net income over the dividends declared and distributed in April and December 2009.

Belgacom continues to have a sound financial position. End of 2009, Belgacom's **net financial debt** decreased to EUR 1,716 million, or EUR 119 million lower compared to end 2008. The lower debt is mainly the result of the Free Cash Flow (EUR 797 million) exceeding the dividend payment (EUR 685 million) in 2009.
The outstanding financial debt amounted to EUR 2.2 billion end 2009, most of it maturing in 2011 and 2016.

[1] Consolidated balance sheet: page 32 of press release

2009 result versus guidance

With the 2009 revenue slightly growing by 0.2% compared to 2008, Belgacom has exceeded its 2009 revenue expectations of "a decline of about 1%". As a result of a strict cost control, the EBITDA margin of 32.6% was well within the guided range of 32% to 33%. With total investments at 10% of the Group revenue, the capex was at the lower-end of the guided range of 10% to11% of group revenue.

Performance versus 2009 guidance

	Guidance 2009	Reported[1]
Group revenue	Decline of about 1%	0.2%
Group EBITDA margin	Between 32%-33%	32.6%
CAPEX/Revenue	Between 10%-11%	10.0%

[1] Before non-recurring items

Regulation impact 2010

MTR[1]
On 1 February 2010, the Belgian regulator (BIPT) announced its draft decision on the MTR glide path 2010-2013. The draft proposal foresees mid 2010 a decrease for all three mobile operators in Belgium. For Belgacom the MTR will be lowered from EUR 0.072[2] currently to EUR 0.0445, or a decrease of 38%. As the proposed decrease for the other two mobile players is more important, we will see a reduction in the asymmetry. As of mid 2010, the asymmetry with Mobistar will be at 9% (coming from 25%) and with Base at 26% (coming from 59%).
The **EBITDA impact** of the proposed MTR-cut in 2010 is estimated to **be less than EUR 10 million** for 2010, whereas **the total revenue impact is estimated at about EUR 50 million**. These estimates include both the direct impact from lower MTRs as well and the flow-through to Fixed-to-Mobile tariffs.

Roaming
The updated regulation on voice roaming (Roaming II) was formally adopted by the EU Council of Ministers on 8 June 2009. The voice roaming rates will therefore further decrease as of 1July 2010: Retail Outgoing from EUR 0.43 to EUR 0.39; Retail Incoming from EUR 0.19 to EUR 0.15 and Wholesale Outgoing from EUR 0.26 to EUR 0.22.

Data roaming services are regulated at wholesale level based on a price cap, calculated on a kilobyte basis. On 1 July 2010, the data roaming prices will go down from EUR 1 per Mb to EUR 0.8 per Mb.

As a consequence of the voice and data roaming price regulation, **the revenue is expected to decrease by EUR 25 million, with about the same impact on EBITDA**.

Premium Rate Services
As from 1 April 2010, Belgacom will move, where appropriate, towards a collecting model for Premium Rate Services where Belgacom collects from customers on behalf of a third-party content provider. This is a consequence of the final circular issued end-2009 by the Ministry of Finance concerning the application of VAT on Premium Rate Services and Tax on Chance Games. As a result, the relevant revenues can no longer be considered as full Belgacom revenues.
This collecting model, together with the imposed alignment of Mobile tariffs with Fix tariffs for Premium services, is expected to **decrease the Group revenues by about EUR 45 million, without impacting the Group EBITDA**.

Outlook 2010

Against the current economic background and taking into account the estimated regulation impact, Belgacom expects for the running year 2010 **to increase its Group revenue between 8% and 9%** compared to 2009, with consolidation of BICS at 100%. Through a continued focus on cost efficiencies, Belgacom will manage its **EBITDA margin within the range of 30% and 31%**. **Capex** levels for 2010 will be **around 10%** of the Group revenue.

1 See also page 25

2 Including inflation.

Consumer Business Unit - CBU

- **Resilient to crisis: reported revenue +7.1%; underlying business[1] +2.3% yoy**
- **Change in revenue mix impacts sales-related costs**
- **Successful cost reduction: organic non-HR expenses -4.4 % yoy**
- **Record sales of Packs and Belgacom TV**

P&L Consumer Business Unit

(EUR million)	2008	2009	Variance 2009/2008
	Year ended 31 December		
TOTAL SEGMENT REVENUE	**2,253**	**2,414**	**7.1%**
Costs of materials and charges to revenue	-553	-723	30.8%
Personnel expenses and pensions	-325	-345	6.2%
Other operating expenses	-282	-297	5.5%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,160**	**-1,366**	**17.8%**
TOTAL SEGMENT RESULT (1)	**1,093**	**1,048**	**-4.1%**
Segment contribution margin	*49%*	*43%*	
Non-recurring expenses	0	-7	-
OPERATING INCOME before depreciation & amortization	**1,093**	**1,041**	**-4.7%**
Depreciation and amortization	-105	-144	37.4%
OPERATING INCOME	**988**	**897**	**-9.2%**

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

✓ *CBU quarterly financial and operational results: page 28*

CBU revenue resilient to crisis, growing 7.1%

CBU ended the year 2009 with **a solid revenue** of EUR 2,414 million**, growing year-over-year with 7.1%** or EUR 161 million. As expected, the consumer segment showed resilience to the economic crisis, with no significant financial impact in 2009. Year-over-year, the acquired companies Scarlet and Tango had a positive contribution of EUR 136 million.

The reported revenue in the fourth quarter grew 4.1%. Compared to previous quarters this is somewhat lower as the year-over-year contribution of the acquired companies diminished. Only Scarlet, consolidated as from December 2008, still contributed to the 2009 fourth quarter variance.

On an **organic** basis, **CBU's revenue increased by 1.2%** or EUR 26 million, including a negative impact from regulation for a total amount of EUR 25 million.

Excluding regulation, the **underlying business grew 2.3%** compared to last year. Main growth drivers are Belgacom TV and mobile data, more than compensating for the decline in fixed and mobile voice revenues.

DETAILED REVENUES	Year ended 31 December			
(EUR million)	**2008**	**2009**	**Variance 2009/2008**	**Variance % 2009/2008**
Revenues	**2,253**	**2,414**	**161**	**7.1%**
From Fixed	**1,144**	**1,239**	**95**	**8.3%**
Voice	599	561	-38	-6.3%
Data	313	323	10	3.1%
TV	86	134	48	55.2%
Terminals (excl. TV)	57	51	-6	-10.4%
Scarlet	9	95	86	-
Other	80	76	-4	-4.8%
From Mobile	**1,110**	**1,175**	**66**	**5.9%**
Voice	723	704	-20	-2.8%
Data	277	303	25	9.1%
Terminals	50	62	12	23.6%
Tango	43	93	50	-
Other	16	14	-2	-11.3%

[1] Excluding impact from acquisitions and regulation

Fixed voice revenue down 6.3%, line loss improved while ARPU was kept flat
The 2009 fixed voice revenue was positively impacted by the price indexation in July and October 2008. However, this could not offset the revenue pressure from the carry-over impact of the price decreases for Fixed-to-Mobile traffic (April and July 2008), the lower access line base, the discount on Packs and success of flat-rate plans.
In 2009, CBU could limit its fixed lines loss to 138,000 lines, a significant improvement compared to 2008 (-162,000 lines). The packs including a fixed line and the continued success of flat-rate offerings clearly stabilized the loss in access lines.
Fixed voice traffic came down year-over-year with 5.4% as a result of a lower access line base. The traffic in the fourth quarter of 2009 picked-up after a typical lower third quarter affected by the summer holiday period.
Year-over-year the fixed voice ARPU remained flat at EUR 21.7 as the positive impact from the price indexations compensated for the regulation impact and lower retail prices for calls to Telenet/Versatel following lower Fixed Termination rates since 1 January 2009.

Fixed data revenue up 3.1%, customer increase offsetting lower ARPU
Internet revenue picked up as from the second half of the year as it was no longer impacted by the discounts of the 2008 year-end promotion. This positive effect is also reflected in the ARPU. CBU closed the year with an ARPU of EUR 28.7 or a decline of EUR 1.3 compared to full-year 2008, mainly driven by the success of the Packs.
CBU added 53,000 new internet customers in 2009 of which 18,000 in the fourth quarter, somewhat below the same period last year (26,000 net adds). Customer growth in 2009 was slightly impacted by a small loss in Scarlet customers. End of 2009, CBU counted 1,075,000 internet customers, including the residential customers of Scarlet.

Belgacom TV revenue up 55.2%, strong customer acquisition and increased ARPU
In 2009, Belgacom managed to grow its TV customer base by 246,000 new TV subscribers, compared to 201,000 in 2008. In fourth quarter 2009 Belgacom TV performed particularly well, and reached a new all-time high with no fewer than 89,000 new subscriptions sold. This strong result was driven by the company-wide FAIR program, and was supported by a positive seasonality effect.
FAIR, launched mid-2009, addresses the cable competition through several initiatives, including the launch of the "Free TV" Pack. Scarlet is also contributing to the TV customer growth since the launch of Scarlet One in September 2009. By end 2009, CBU counted 752,000 TV customers of which 100,000 are second stream users.
Year-over-year, the TV ARPU per household increased by 5.4% (+ EUR 1.1) to EUR 20.4 due to a lower impact of promotions. Especially the fourth quarter of 2009 showed a strong performance with an ARPU of EUR 21.3 driven by higher usage of on-demand services, a higher number of activations and customers switching to the comfort offer including high-definition.

Mobile voice revenue down 2.8%, larger customer base offset by decline in ARPU
For 2009, CBU reported a mobile voice revenue of EUR 704 million or a decline of 2.8%. As from the third quarter 2009, the year-over-year revenue evolution improved considerably. As from July 2009, mobile voice revenues were no longer impacted by the mobile termination rate cuts. Even though voice roaming revenues were hit by a regulated tariff cut on 1 July 2009[1], the fourth quarter voice revenue remained flat compared to 2008.
In 2009, CBU added 74,000 new mobile customers of which 22,000 in the last quarter of 2009. However, in the fourth quarter of 2009 Belgacom identified 27,000 inactive cards. These cards have been deleted and cause a net decrease in the total customer base by 5,000 cards compared to the previous quarter. The total mobile customer base end 2009 stands at 3,824,000 customers, or a year-over-year increase of 47,000 customers. The postpaid ratio evolved positively going from 39% at the end of 2008 to 41% at the end of 2009.
During 2009, the MVNO market proved to be very volatile with cards being used as calling cards leading to high churn rates. This resulted in a loss of 16,000 MVNO customers for the year 2009, whereas in 2008 CBU added 70,000 new MVNO customers. The fourth quarter 2009 showed again a positive evolution of +11,000 MVNO net adds driven by a promotional action targeting the Moroccan population.
The combined impact of regulation and customers moving to more attractive pricing plans result in a mobile net voice ARPU of EUR 15.7 or 5.4% lower than the year before.

Mobile data revenue up 9.1% with both SMS (+8.1%) and Advanced data (+12.2%) solidly growing
SMS revenue increased to EUR 227 million driven by the success of pricing plans including free SMS, leading to an increase in inbound revenues. Compared to 2008, the paying SMS per month increased almost 22% to 73.4 SMS/customer driven by the substitution of voice towards SMS. In the fourth quarter of 2009, paying SMS reached their highest level ever with 80.3 SMS per customer. This is driven by seasonality and an elasticity effect for SMS roaming following the lower prices as stipulated by the European regulation. As of 1 July 2009, SMS roaming pricing has been regulated, capping the SMS price to EUR 0.11. The positive impact on volumes fully offset the negative pricing impact.

[1] Tariffs for retail outgoing traffic coming down 6.6% to EUR 0.43 and retail incoming traffic coming down 13.7% to EUR 0.19

The growth in Advanced Data revenue to EUR 75 million or +12.2% is the result of the successful Internet One promotions launched as from April 2009. Internet One combines fixed and mobile internet into one Pack, lowering the threshold for mobile internet. In addition, as from April 2009, the year-over-year revenue evolution was no longer impacted by the stricter rules on gaming and voting set by the Royal Decree of April 2008.

	Year ended 31 December		
(EUR million)	2008	2009	Variance % 2009/2008
Mobile DATA revenue	**277**	**303**	**9.1%**
Data - SMS	210	227	8.1%
Advanced data	67	75	12.2%
% in Mobile Data revenue			
Data SMS	76%	75%	
Advanced data	24%	25%	

CBU operating expenses before depreciation and amortization

CBU reported full-year total operating expenses of EUR 1,366 million or an increase of EUR 206 million compared to previous year. Tango and Scarlet contributed for EUR 121 million to the year-over-year increase. On a **comparable basis, costs were up 7.6%** or EUR 86 million driven by higher cost of sales. This fully offset the cost savings realized through the company-wide cost cutting program.

Costs of materials and charges to revenue increased due to acquisitions and changing revenue mix
Full-year 2009 cost of sales increased EUR 170 million year-over-year to EUR 723 million, with Scarlet and Tango contributing EUR 76 million to the year-over-year variance. Organically cost of sales increased 18% or EUR 94 million driven by higher commissions as the mix in sales channels changed, higher TV sales, higher mobile handset sales impacting the terminal costs and higher interconnection costs driven by free SMS and free minutes.

Personnel expenses impacted by acquired companies, organic HR-costs kept flat
By year-end 2009, CBU counted 5,718 FTEs or 261 FTEs fewer than year-end 2008. This is the result of the Tutorship program, External Mobility and natural attrition.
The reported year-over-year increase in personnel costs by 6.2% to EUR 345 million, is the result of the additional headcount from Scarlet and Tango, impacting the year-over-year variance for a large part of 2009.
Organically, the personnel expenses remained flat year-over-year.

Other operating expenses positively impacted by strict cost control
The company-wide cost-efficiency program launched at the beginning of 2009, resulted in a good cost control performance within CBU. Organic other operating costs were down 4.4% compared to one year ago.

The increase in reported other operating expenses of 5.5% is fully driven by the cost contribution of the acquired companies. In the fourth quarter of 2009, the year-over-year variance was -5.7% and a clear improvement compared to previous quarters as Tango no longer contributed and Scarlet's contribution was limited to two months.

CBU operating income before depreciation and amortization (EBITDA)

CBU reported a full-year EBITDA of EUR 1,048 million or 4.1% lower than one year ago due to the higher cost of sales. For 2009, CBU reported a contribution margin of 43.4%.
The fourth quarter contribution margin of 39.6% is typically lower than previous quarters driven by more promotional activity towards the end of the year.

Tango

	Year ended 31 December
	2009
Revenue[1] (in EUR mio)	93
Total active mobile customers (in '000)	259
Blended net ARPU (EUR/month)	23.9

(1) Total Tango revenues i.e. fixed and mobile revenues

Over the full year 2009, Tango reported a revenue of EUR 93 million. Compared to last year, the fourth quarter of 2009 showed a decline in revenues going from EUR 26 million in 2008 to EUR 24 million in 2009 due to roaming regulation of voice and SMS.
End 2009, the total mobile customer base amounted to 259,000 customers or an increase of 14,000 customers compared to 2008. The blended net mobile ARPU was EUR 23.9.

CBU operating result

OPERATIONALS	Year ended 31 December			
	2008	2009	Variance 2009/2008	Variance % 2009/2008
FROM FIXED				
Number of access channels (thousands)	3,068	3,102	35	1.1%
Voice (PSTN/ISDN)	2,111	1,968	-143	-6.8%
IP	54	60	5	9.2%
ADSL, VDSL	902	1,075	173	19.2%
Traffic (millions of minutes)	4,801	4,594	-207	-4.3%
National	3,996	3,781	-215	-5.4%
Fixed to Mobile	417	423	6	1.4%
International	388	390	2	0.5%
TV (thousands)	506	752	246	48.6%
TV - households	441	652	211	47.8%
Of which TV-second stream users	65	100	35	54.2%
ARPU (EUR)				
ARPU Voice	21.6	21.7	0.1	0.4%
ARPU broadband	30.0	28.7	-1.3	-4.5%
ARPU Belgacom TV	19.4	20.4	1.1	5.4%
FROM MOBILE				
Number of active customers (thousands)	3,777	3,824	47	1.2%
Prepaid	2,235	2,199	-37	-1.6%
Postpaid	1,431	1,530	99	6.9%
MVNO	111	95	-16	-14.3%
Annualized churn rate (blended - variance in p.p.)	19.5%	20.7%		-
Net ARPU (EUR)				
Prepaid	14.4	14.2	-0.2	-1.6%
Postpaid	37.6	35.7	-1.8	-4.8%
Blended	23.0	22.5	-0.5	-2.1%
Blended voice	16.6	15.7	-0.9	-5.4%
Blended data	6.3	6.7	0.4	6.3%
UoU (units)	225.8	286.0	60.2	26.6%
MoU (min)	115.3	110.5	-4.8	-4.1%
Normalized MoU (min)	96.7	95.6	-1.1	-1.2%
SMS (units)	111.4	176.5	65.2	58.5%
Normalized SMS (units)	60.2	73.4	13.2	21.9%

Enterprise Business Unit - EBU

- **Segment contribution margin up from 47% to 49%**
- **Strong cost reduction mitigated impact of downturn**
- **Non-HR costs reduced by 20% yoy, organically 12.8% lower**
- **Full-year underlying[1] business revenue at -3.1% yoy**

P&L Enterprise Business Unit

	Year ended 31 December		
(EUR million)	**2008**	**2009**	**Variance 2009/2008**
TOTAL SEGMENT REVENUE	**2,696**	**2,501**	**-7.2%**
Costs of materials and charges to revenue	-844	-748	-11.4%
Personnel expenses and pensions	-408	-379	-6.9%
Other operating expenses	-178	-142	-20.2%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,430**	**-1,270**	**-11.2%**
TOTAL SEGMENT RESULT (1)	**1,266**	**1,231**	**-2.8%**
Segment contribution margin	*47%*	*49%*	
Non-recurring revenue	8	0	-
Non-recurring expenses	-39	-56	-
OPERATING INCOME before depreciation & amortization	**1,235**	**1,176**	**-4.8%**
Depreciation and amortization	-32	-27	-15.6%
OPERATING INCOME	**1,203**	**1,149**	**-4.5%**

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

✓ EBU quarterly financial and operational results: page 29

EBU revenue not fully immune to crisis, impact limited

EBU **reported a full-year revenue** of EUR 2,501 million, which is **7.2% or EUR 195 million lower** than the previous year, including a **EUR 88 million revenue loss resulting from divestments**[2]. As anticipated, the enterprise segment was not fully immune to the economic downturn, which pressured parts of its revenue stream. The pressure, however, did not worsen over the last quarters.

Excluding for the divestment impact, EBU's 2009 **organic revenue declined by 4.2%** or EUR 108 million, including a negative impact from regulation for a total amount of EUR 26 million.

Therefore, the impact on the **underlying business revenue was limited to a 3.1% decline for full-year** 2009. As expected, this was mainly due to revenue pressure in the mobile and IT domain.

EBU managed to end the year with a **slight increase in the order level** compared to 2008, an achievement given the challenging economic environment. Over the full-year 2009, the order intake had a total transaction value (TTVA[3]) of EUR 959 million. This includes a significant pick-up in the fourth quarter to EUR 336 million, driven by a positive seasonality effect in the public sector combined with a catch-up of previous delayed projects, especially for IT-product sales in the five international core presences and IT-services in Belgium.

	Year ended 31 December			
(EUR million)	**2008**	**2009**	**Variance 2009/2008**	**Variance % 2009/2008**
Revenue	**2,696**	**2,501**	**-195**	**-7.2%**
From Fixed	**1,880**	**1,729**	**-151**	**-8.0%**
Voice	608	574	-34	-5.6%
Data	408	401	-6	-1.6%
ICT	756	670	-86	-11.3%
Terminals	77	74	-2	-3.2%
Other	32	10	-22	-68.4%
From Mobile	**816**	**771**	**-45**	**-5.5%**
Voice	624	560	-63	-10.2%
Data	162	184	22	13.7%
Terminals	20	15	-5	-27.3%
Other	10	12	2	20.1%

[1] Underlying revenue excludes the impact from divestments and regulation
[2] Telindus International non-core countries for EUR 69 million, Certipost and Win
[3] Total Transaction Value: annualized value of new contracts signed during a specified period. This excludes renewals and retention of existing Voice (fixed-mobile) and Mobile Data contracts, and swaps of mobile pricing plans. TTVA is an indicator of the level of order intake in a specific period and is subject to seasonality. TTVA is not a projection of total revenue.

Fixed voice revenue affected by line loss and lower usage per line

For full-year 2009, EBU generated a Fixed Voice revenue of EUR 574 million, which is 5.6% lower than for 2008. As of the third quarter 2009, the year-over-year comparison is no longer affected by the carry-over impact of the two price decreases for Fixed-to-Mobile traffic (1 April and 1 July 2008).

The positive effect from the two price indexations in July and October 2008 only cover to a limited extent the impact from the continued fixed line loss. Over the full-year 2009, EBU lost a total of 53,000 fixed lines, whereas this was 33,000 lines for 2008. The higher line-loss in 2009 was driven by customers' search for cost savings and as a result of the increased number of bankruptcies in Belgium.

The year-over-year net line loss, and the lower usage per line, affected the total minutes of fixed voice traffic, decreasing year-over-year by 8.4%. After a typical low third quarter due to the summer holidays, fixed voice traffic increased again in the fourth quarter.

The regulation impact over the first half of 2009, and the lower usage per line, leads to a year-over-year ARPU decline of 2.9% to EUR 30.8. Over the last three quarters of 2009, the ARPU remained fairly stable with EUR 30.9 in the fourth quarter.

Fixed data revenue marked by saturation for broadband and ongoing migration to Explore

Fixed Data revenue consists of revenue generated by Internet products and Data Connectivity products. The EBU Internet market is saturating and continues to be very competitive. Nevertheless, EBU was able to slightly increase its customer base by 3,000 to a total of 446,000 broadband customers by year-end 2009.

The full-year broadband ARPU of EUR 39.9 for 2009 is 1.6% lower compared to 2008, resulting from less connection fees and more promotional activities.

Data Connectivity is marked by an ongoing migration from older technology (Leased Lines, Frame Relay, ATM) to the new and more advantageous "Explore"-platform (connectivity and managed services). By end 2009, the Explore platform counted 30,851 sites.

Organic ICT revenue decline for full-year limited, solid fourth quarter

Although the ICT-part of the business showed some vulnerability to the economic crisis, EBU could limit the 2009 revenue decline -on a comparable basis- to 2.4% versus last year. On a reported level, the ICT revenue was impacted by the Telindus International divestment program, causing a full-year revenue loss of EUR 69 million.

Throughout the year, EBU saw larger IT-projects being delayed or spread in time, decision processes taking longer and existing customers asking for contract renegotiations. However, trends did not get worse. In the fourth quarter 2009, the ICT-business did fairly well with revenue increasing to a total of EUR 181 million. This significant pick-up resulted from a solid performance of Telindus International, supported by a positive seasonality effect, mainly in the public sector.

As the IT-business is a typical lower-margin business, and due to the strong focus on sales-related costs, the impact on EBITDA has been limited.

Some products in the ICT-portfolio did very well in the crisis. For example, datacenter products, such as housing and hosting services, offer flexible solutions to customers, help them to optimize costs and to realize quick savings. Significant year-over-year revenue growth related to these types of IT-solutions helped to limit, though not fully compensate for, the decline in IT-hardware sales.

	Year ended 31 December		
(EUR million)	**2008**	**2009**	**Variance 2009/2008**
Reported ICT revenues	756	670	-11.3%
Impact divestments	69	0	
ICT excl. divested countries	687	670	-2.4%

Mobile voice revenue down despite sound customer growth, due to regulation and impact of downturn

Over the full-year 2009, EBU reports EUR 560 million mobile voice revenues, i.e. 10.2% lower than last year. While benefitting from a growing mobile customer base, EBU's mobile voice revenue was negatively impacted by regulation and the effect of the economic crisis.

Over the full-year 2009, EBU grew its mobile customer base by 96,000, including a solid growth of 24,000 mobile customers in the last quarter of 2009. This is mainly driven by the launch of attractive packages[1] targeting self-employed and independents. Since the third quarter 2009 a number of promotions have been launched on these packages, successfully attracting new customers and limiting the churn.

[1] Consumer packages or offers specifically oriented towards SMEs such as Bizz Flex, Bizz Happy Work and Bizz Happy Max. These offers include packages of minutes and/or SMS, and a flat-rate pricing beyond the bundle limit.

As the last decrease in MTR dates from 1 July 2008, the negative impact on mobile inbound revenue is no longer applicable as of the third quarter 2009. Revenue from Mobile Roaming, however, was impacted by the regulated tariff cut on 1 July 2009, with rates coming down to EUR 0.43 (-6.6%) for retail outgoing and to EUR 0.19 (-13.7%) for retail incoming traffic.
As predicted, the economic downturn pressured the level of mobile usage, on top of an ongoing substitution of mobile calling by SMS and e-mail. Over the full-year 2009, the paying MoU decreased by 6.5% to 328 minutes as business customers cut their mobile expenses and reduced business travel, impacting roaming. The downward trend, however, did not accelerate, with paying MoU in the fourth quarter 5.7% lower year-over-year.
The combined impact from regulation, lower mobile usage and an increased level of promotions in the SME market, results in a lower full-year Mobile Voice ARPU of EUR 39.5, or 17.2% lower than the year before.

Mobile data revenue solidly growing, advance mobile data up by nearly 20%
Revenue from Mobile data grew solidly over 2009, totaling EUR 184 million for the full-year, i.e. a year-over-year growth of 13.7%. The revenue growth is driven by the success of advanced mobile data, growing its revenue in 2009 by 19.8%. Advanced data now represents 68% of the total EBU mobile data revenue, positively impacting the ARPU which increased by 3.5% to EUR 12.8.

Regarding data roaming, Belgacom took measures to prevent bill shocks. As of 1 July 2009, customers subscribing to PAYU[1] or a bundle, receive via SMS a real-time notification of their usage of mobile data roaming when they are abroad. This is a step towards compliance with the EU regulation, which needs to be ready as of March 2010.

The revenue from SMS grew by 2.4% in 2009. While pricing was pressured by SMS roaming regulation, capping the SMS price to EUR 0.11 as of 1 July 2009, there was a positive elasticity effect resulting in a growing number of SMS per user.

	Year ended 31 December		
(EUR million)	2008	2009	Variance % 2009/2008
Mobile DATA revenue	**162**	**184**	**13.7%**
Data - SMS	58	59	2.4%
Advanced data	105	126	19.8%
% in Mobile Data revenue			
Data SMS	35%	32%	
Advanced data	65%	68%	

EBU operating expenses before depreciation and amortization

With revenues being under pressure, **EBU managed to reduce its expenses successfully**, lowering its full-year operating costs by 11.2% compared to 2008. While the realized divestments of Telindus International have contributed significantly to the savings, the organic costs too were reduced by a considerable amount.

Reported Costs of materials and charges to revenue down by 11.4%, organic decline of 4.7%
EBU reported for the full-year a total of EUR 748 million in sales-related costs, or a year-over-year decrease of 11.4%. Part of this cost reduction is linked to EBU's divestment program. However, on an organic basis, sales-related costs were still 4.7% lower, driven by a favorable impact on costs by regulation (lower MTR and lower fixed interconnect rates to alternative networks as of 1 January 2009) and as a result of the lower revenue from mobile roaming, mobile handsets and ICT.

Personnel expenses nearly 7% lower resulting from reduced personnel base
EBU's personnel expenses for the full-year 2009 were 6.9% lower than for 2008. This was driven by a positive impact of the reduced personnel base by 151 FTEs to a total of 5,328 FTEs and attributable to the Telindus divestment program. This fully offset the salary indexation impact carried over from 2008.

Other operating expenses lowered significantly , organically nearly 13% lower
EBU reduced its non-HR expenses over the year 2009 by 20.2%. This results from the divestments and the company-wide cost reduction program. The significant decrease in the fourth quarter 2009 of the non-HR expenses (-41 % year-over-year) is partly due to a positive one-time effect.
The organic other operating expenses, i.e. excluding the positive impact from divestments, were down by 12.8% compared to 2008.

[1] Pay as you Use

EBU operating income before depreciation and amortization (EBITDA)

EBU reported a full-year EBITDA of EUR 1,231 million. The solid reduction in costs, limited the EBITDA decrease to 2.8%, and enhanced **the contribution margin, up year-over-year from 47.0% to 49.2%.**

EBU operating result

OPERATIONALS	Year ended 31 December			
	2008	2009	Variance 2009/2008	Variance % 2009/2008
FROM FIXED				
Number of access channels (thousands)	1,987	1,937	-51	-2.6%
Voice (PSTN/ISDN)	1,538	1,479	-59	-3.8%
IP	7	12	5	79.0%
ADSL, VDSL	443	446	3	0.6%
Traffic (millions of minutes)	3,643	3,336	-307	-8.4%
National	2,499	2,278	-221	-8.8%
Fixed to Mobile	708	672	-36	-5.1%
International	436	386	-50	-11.4%
ARPU (EUR)				
ARPU Voice	31.7	30.8	-0.9	-2.9%
ARPU Broadband	40.6	39.9	-0.7	-1.6%
FROM MOBILE				
Number of active customers (thousands)	1,139	1,235	96	8.4%
Post-paid	1,139	1,235	96	8.4%
Annualized churn rate (blended - variance in p.p.)	10.1%	10.2%		
Net ARPU (EUR)				
Postpaid	60.0	52.4	-7.7	-12.8%
Postpaid voice	47.6	39.5	-8.2	-17.2%
Postpaid data	12.4	12.9	0.5	4.2%
UoU (units)	394.8	382.4	-12.3	-3.1%
MoU (min)	367.7	346.0	-21.7	-5.9%
Normalized MoU (min)	350.5	327.7	-22.9	-6.5%
SMS (units)	55.4	69.6	14.1	25.5%
Normalized SMS (units)	50.1	54.5	4.3	8.7%

Service Delivery Engine & Wholesale – SDE&W

P&L Service Delivery Engine & Wholesale

	Year ended 31 December		
(EUR million)	**2008**	**2009**	**Variance 2009/2008**
TOTAL SEGMENT REVENUE	**415**	**386**	**-7.0%**
Costs of materials and charges to revenue	-93	-72	-22.3%
Personnel expenses and pensions	-209	-193	-8.0%
Other operating expenses	-179	-185	3.0%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-482**	**-450**	**-6.6%**
TOTAL SEGMENT RESULT (1)	**-67**	**-64**	**-**
Segment contribution margin	*-16%*	*-17%*	
OPERATING LOSS before depreciation & amortization	**-67**	**-64**	**-**
Depreciation and amortization	-496	-437	-11.8%
OPERATING LOSS	**-563**	**-502**	**-10.9%**

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

✓ SDE&W quarterly financial and operational results: page 30

SDE&W revenue

Over the full-year 2009, SDE&W reported a revenue of EUR 386 million or a decrease of 7.0% year-over-year. In the last quarter however, revenues increased somewhat, mainly driven by a pick-up in value-added service traffic and installation fees from Scarlet.

Full-year revenue was impacted by:

- Lower interconnection revenues due to lower volumes from value-added services following the Royal Decree of April 2008
- Lower Telindus wholesale revenues following the integration within Belgacom
- Lower transit traffic volumes to mobile operators
- Regulation impact due to a 50% decrease in prices for bitstream transport and due to the Brotsoll regulation
- Lower roaming-in revenues due to lower volumes and lower regulated prices as from 1 July 2009.
- This was partly offset by an increase in data and capacity revenues driven by increased volumes in 2 Mbps leased lines.

	Year ended 31 December			
(EUR million)	**2008**	**2009**	**Variance 2009/2008**	**Variance % 2009/2008**
Revenues	**415**	**386**	**-29**	**-7.0%**
From Fixed	330	308	-21	-6.5%
From Mobile	85	77	-8	-8.9%

SDE&W operating expenses before depreciation and amortization

Cost of material and charges to revenue down 22.3%

Full-year 2009 Cost of Sales decreased 22.3% year-over-year to EUR 72 million. This is mainly driven by the decrease in the low-margin transit volumes, lower revenues from interconnection and less Telindus wholesale revenue.

Personnel expenses declined by 8%, lower headcount offsetting indexation impact of 2008

For 2009, SDE&W reported personnel costs of EUR 193 million or a decline of 8% compared to one year ago. By end 2009, SDE&W had 3,303 FTEs or 150 FTEs less than at the end of 2008 due to natural attrition and headcount reduction programs. The lower headcount compensated for the increase in wages due to indexation. On top of that, personnel costs experienced a positive impact from special tax reductions granted by the government on night shifts, overtime and research engineers. This measure visibly reduced the HR-cost in the fourth quarter.

Other operating expenses slightly increased

Despite a tight cost control, non-HR costs increased slightly by 3% driven by amongst others an increase in renting costs following a higher number of mobile sites and by the progressive upgrade of the Radio Access Network.

SDE&W operating income before depreciation and amortization (EBITDA)

Over 2009, SDE&W reported an EBITDA of EUR -64 million. This is a **slight improvement compared to 2008**, attributable to the good cost control and the fact that the lower revenue had only a slight impact on the direct margin.

Staff & Support – S&S

P&L Staff and Support

	Year ended 31 December		
(EUR million)	**2008**	**2009**	**Variance 2009/2008**
TOTAL SEGMENT REVENUE	**34**	**33**	**-2.0%**
Costs of materials and charges to revenue	-3	-0	-96.1%
Personnel expenses and pensions	-160	-166	3.8%
Other operating expenses	-237	-204	-13.9%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-400**	**-370**	**-7.4%**
TOTAL SEGMENT RESULT (1)	**-366**	**-337**	**-7.9%**
Segment contribution margin	-	-	
OPERATING LOSS before depreciation & amortization	**-420**	**-337**	**-19.8%**
Depreciation and amortization	-92	-77	-16.6%
OPERATING LOSS	**-512**	**-413**	**-19.2%**

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

✓ *S&S quarterly financial and operational results: page 30*

S&S revenue

Staff and Support reported a full-year 2009 revenue of EUR 33 million or a slight decrease of 2% compared to one year ago. Revenue was positively impacted by a capital gain realized on the disposal of a building in the second quarter of the year. This did not offset the lower revenues from catering services as a result of the cost efficiency program.

S&S operating expenses before depreciation and amortization

Total operating expenses for Staff and Support were down 7.9% or EUR 30 million lower compared to a year ago, clearly showing the benefits from the cost reduction program.

Other operating expenses were down 13.9% year-over-year to EUR 204 million. This is mainly driven by the lower renting costs and provisions as a result of the vacated Proximus building. Also, the company-wide cost reduction program added to this favorable evolution.

For 2009, S&S reported **personnel costs** of EUR 166 million or a 3.8% increase compared to 2008. Year-over-year the S&S headcount was reduced by 33 FTEs. The positive impact, however, covered only partly the negative impact from the 2008 salary indexation.

International Carrier Services - ICS

- **Full-year revenue up 9.9%, EBITDA + 21.7%**
- **Strong volume growth in 2009: >19 billion minutes transported**
- **As expected, revenue trend slowed in Q4'09, while EBITDA increased**
- **ICS-MTN consolidated at 57.6% for December; before at 72%**

P&L International Carrier Services

	Year ended 31 December		
(EUR million)	**2008**	**2009**	**Variance 2009/2008**
TOTAL SEGMENT REVENUE	**812**	**892**	**9.9%**
Costs of materials and charges to revenue	-685	-749	9.4%
Gross margin (1)	*127*	*143*	*12.6%*
Personnel expenses and pensions	-22	-24	12.1%
Other operating expenses	-41	-40	-1.3%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-748**	**-814**	**8.8%**
TOTAL SEGMENT RESULT (2)	**64**	**78**	**21.7%**
Segment result margin	*7.9%*	*8.7%*	
Non-recurring revenue	0	74	-
OPERATING INCOME before depreciation & amortization	**64**	**151**	**136.5%**
Depreciation and amortization	-20	-21	9.7%
OPERATING INCOME	**44**	**130**	**192.2%**

(1) Total segment revenue net of costs of materials and charges to revenue
(2) Operating income before depreciation and amortization and before non-recurring revenue and expenses

✓ *ICS quarterly financial and operational results: page 31*

ICS revenue up nearly 10%

Over the full year 2009, ICS reported a **strong revenue growth of 9.9%** or EUR 80 million year-over-year to EUR 892 million. The growth is driven by the continued increase in higher-margin premium products, up 19.6% year-over-year. This strong performance results from the continued focus of ICS on the mobile segment, more specifically growth regions like Asia, Africa and Middle East. Voice direct Routing revenue on the other hand, was negatively impacted by the overall decrease in European MTR rates.

The non-voice revenue grew 11.8% year-over-year driven by the continued growth in mobile services such as SMS, MMS and GPRS and by the high-rate bandwidth products.

As expected, the trend of the first three quarters of 2009 showing double-digit year-over-year revenue growth did not continue in the fourth quarter of 2009. This is due to an already strong revenue performance in the last quarter of 2008. Additionally, the 2009 fourth quarter revenue was impacted by a weaker dollar.

Following the extension of the cooperation agreement with MTN, the revenues of December have been consolidated at 57.6%, whereas for the period January until November ICS revenues were consolidated at 72%.

	Year ended 31 December			
(EUR million)	**2008**	**2009**	**Variance 2009/2008**	**Variance % 2009/2008**
Voice Direct Routing	236.1	219.7	-16.4	-7.0%
Voice Standard Products	85.0	90.7	5.7	6.7%
Voice Premium Products	422.3	505.1	82.8	19.6%
Non Voice	68.6	76.7	8.1	11.8%
Total revenues	**812.1**	**892.2**	**80.1**	**9.9%**

ICS detailed gross margin

The ICS gross margin increased 12.6% year-over-year, driven by the strong volume growth in both voice and non-voice. Due to six-month commercial agreements, the ICS business is rather cyclical leading to fluctuations in direct margin between quarters. ICS ended the fourth quarter 2009 with a direct margin of 15.9%.

(EUR million)	Year ended 31 December 2008	2009	Variance 2009/2008	Variance % 2009/2008
Voice	75.5	84.8	9.2	12.2%
Non Voice	51.2	58.0	6.8	13.2%
Total Gross Margin	**126.8**	**142.8**	**16.0**	**12.6%**

ICS operating income before depreciation and amortization (EBITDA)

ICS Personnel expenses were up 12.2% to EUR 24 million driven on the one hand by the additional headcount as from end 2008 in order to sustain the mobile data growth and on the other by the carry-over impact of the salary indexations. For the full-year 2009 other operating expenses slightly decreased (1.3%) to EUR 40 million. The fourth quarter 2009 showed a strong decline of 19.2% year-over-year due to a one-time negative impact in the fourth quarter of 2008.

ICS' EBITDA grew by 21.7% to EUR 78 million, with the EBITDA margin at 8.7% compared to 7.9% at the end of 2008.

ICS operating review

(Voice volumes in billion of minutes)	Year ended 31 December 2008	2009	Variance 2009/2008	Variance % 2009/2008
Voice Direct Routing	7.3	7.2	-0.1	-1.2%
Voice Standard Products	1.6	2.0	0.4	24.7%
Voice Premium Products	7.3	10.1	2.8	38.3%
Total	**16.2**	**19.3**	**3.1**	**19.1%**

BICS volumes included at 100%

Regulatory and Legal update

Fixed-line interconnection

On 1 January 2009, the premium on fixed termination rates for Telenet and Versatel were lowered to 15%, coming down from a difference with Belgacom of +190% in 2008 and +370% in 2007. In 2009, the fixed termination and collection charges remained unchanged in application of the BIPT decision of 26 November 2008 stabilizing Belgacom's rates until end 2010.

MTR regulation

On 1 February 2010, the BIPT published its draft decision concerning the evolution of the mobile termination rates (MTR) in the coming years. For Belgacom the proposal is to decrease the MTR per minute traffic gradually from the current 7.2 eurocents (including inflation) to 4.45 eurocents mid-2010, 3.77 eurocents on 1 January 2011, 2.42 eurocents on 1 January 2012 and 1.07 eurocents on 1 January 2013. The MTR of Mobistar and KPN Group Belgium (acting under the brand Base) will also be drastically reduced but a minor degree of asymmetry will be maintained until 2012. Between Belgacom and Mobistar, an asymmetry of 9% is foreseen in 2010 and 2011, decreasing to 7% in 2012. Between Belgacom and KPN Group Belgium, the BIPT proposes to maintain an asymmetry of 26% in 2010, 24% in 2011 and 19% in 2012. Full symmetry between the mobile operators will only be reached on 1 January 2013. Any decrease in Belgacom MTRs will have to be reflected in the fixed-to-mobile retail tariffs. Belgacom will challenge the remaining asymmetries which are not in line with EU practice.

It should also be noted that, on 30 June 2009, the Brussels Court of Appeal issued a ruling regarding the appeal of Belgacom Mobile, Mobistar and Base against the BIPT's first-round analysis of the mobile termination market of August 2006. The Court decided to annul the BIPT's decision mainly because of the impreciseness in the period of tariff setting and the business insecurity that such impreciseness causes.

International roaming regulation

On 1 July 2009, the European Roaming II Regulation amending the first Regulation of June 2007 entered into force. Additional reductions in voice roaming charges (retail and wholesale prices) have been introduced for 2010 and 2011. Per-second billing has been imposed as from 1 July 2009 for retail and wholesale charges but an initial minimum charging period of 30 seconds can be applied to outgoing roaming calls.

A retail cap of 11 eurocents (excl. VAT) combined with a wholesale cap of 4 eurocents has been set for SMS roaming as from 1 July 2009 for outgoing SMS.

Data roaming services are also regulated at wholesale level based on a price cap (calculated on a kilobyte basis), to be decreased gradually in three steps from 1 July 2009 until the end of the regulation. Measures aimed at preventing "bill shocks" were also imposed (setting of maximum financial or volume limits). The Regulation will expire on 30 June 2012. A review is planned for 2011.

Renewal of 2G licenses

On 20 July 2009, the Brussels Court of Appeal annulled the BIPT's decision of 25 November 2008 blocking the tacit renewal of the 2G-licenses of the three mobile operators. Belgacom had challenged this decision due to the late notification by the BIPT. The Brussels Court of Appeal ruled that the Belgacom Mobile license had already been tacitly renewed until April 2015 under the 1995 conditions (i.e. without any additional fee for this extension).

Despite this Court decision, throughout 2009, the BIPT submitted upon request of the Telecoms Minister several draft laws and decrees for consultation concerning the renewal of the current GSM licenses and the one-time fees to be paid for license extensions. Based on these draft texts, the operators would have to pay an additional fee to extend their licenses until 2015 and another fee to extend them until 2021. Belgacom questions the legality of the imposition of these fees.

Additional mobile licenses

End 2009, the BIPT launched a consultation on the conditions for the granting of a fourth UMTS license and 4G licenses. The fourth UMTS license would be auctioned in 2010 and would end in March 2021. The new operator would also have access to the 2G spectrum (900 and 1800 MHz). A redistribution of this spectrum is foreseen in November 2015 and existing operators would have to surrender a part of their spectrum with a guarantee to keep at least 10 MHz duplex. The 4G spectrum between 2500 MHz and 2690 MHz would also be auctioned in 2010 (15-year licenses), with all existing and new players invited to bid. No coverage obligations will be imposed (only an obligation to publish the effective coverage reached).

Happy Time case

On 29 September 2009, the College of Competition Prosecutors announced that it had submitted a report to the Competition Council alleging that Belgacom abused and still abuses its dominant position by engaging in a margin squeeze in relation to its fixed telephony activities. The margin squeeze allegedly resulted from Belgacom's Happy Time offer (launched in June 2005). This offer, combined with Belgacom's tariffs on wholesale markets, would not allow alternative operators to obtain reasonable profit margins. The investigation of the College of Competition Prosecutors is the result of a complaint filed by Tele2 in 2005. A final decision of the Competition Authority is expected in 2010. Belgacom continues to contest the claim of KPN Belgium initially lodged by Tele2.

Benefit Excellence case

A complaint was filed against Belgacom in 2002 by Codenet, Colt Telecom, Versatel and Worldcom before the Competition Authority for alleged abuse of dominance in relation to its fixed telephony business. The alleged abuse consisted of a margin squeeze and loyalty-enhancing rebates through its ‘Benefit Excellence’ offer. On 18 September 2009, the prosecutor of the Competition Authority decided not to pursue further and to close the investigation for priority reasons. No appeal was brought by an interested party against this decision.

Fine by Competition Council

In May 2009, the Belgian Competition Council fined Belgacom Mobile EUR 66.3 million for abuse of its dominant position during the period 2004-2005. This ruling is the conclusion of a case initiated by Base in 2005, alleging abusive pricing practices on the corporate market. In particular, Belgacom Mobile is blamed for a price squeeze by having applied retail “on-net” (Proximus-to-Proximus) tariffs lower than its mobile termination rates for the period 2004-2005. All other charges of the Prosecutor were rejected. The Group was obliged to pay the fine prior to 30 June 2009. Belgacom filed an appeal against the ruling of the Competition Authority with the Court of Appeal of Brussels, contesting a large number of elements of the ruling, including the fact that the market impact was not examined.

Damage claims against Belgacom Mobile

On 2 October 2009, the two experts appointed in 2007 by the Brussels Commercial Court in the framework of a proceeding between Belgacom Mobile, KPN Group Belgium (former Base) and Mobistar filed a preliminary report. This report concludes, in particular, on the basis of an unprecedented and prospective method, that it could be considered that the alleged impact on Mobistar and KPN Group Belgium the Proximus on-net tariffs during the years 1999-2004 amounted to EUR 1,182 million. The initial damages claim was brought before the court in July 2003 by KPN Group Belgium, with Mobistar joining the legal challenge at a later date. The two operators claimed that Belgacom Mobile applied mobile termination rates that were too high and also abused its dominant position by applying too low prices for on-net calls (calls from Proximus to Proximus). This report is a preliminary report. It will finally be upon the Court (i) to decide whether anti-competitive practices have been committed, (ii) to determine whether Belgacom Mobile is liable for such practices and (iii) to decide upon the amount of the possible damages to be paid. Belgacom continues to contest the claims of both KPN Group Belgium and Mobistar and hence also the content of the preliminary report of the panel of experts in respect of the actual existence of the infringements and in respect of the calculation of the damages. The final report is expected in the second quarter of 2010.
Following the report of the Prosecutor, management reassessed the contingent liabilities of the Group, taking into account the current legal status of both litigation files. Belgacom will continue to monitor any further development in both cases and in the meantime vigorously continues to defend its interests.

On 29 October 2009, Belgacom received new summons launched before the Commercial Court of Brussels by eight members of the Platform (including Telenet, KPN, BT, Mobistar and COLT). These companies claim that Belgacom Mobile has abused its dominant position since 1998 by exercising a margin squeeze on on-net/off-net & MTR. It is a case on the merits whereby they claim a provisional amount of EUR 1, the appointment of an expert and the request to provide all professional offers, including profitability analyses since 1 January 1998.

Quarterly results

Group – Financials

(EUR million)	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
Revenues	**1,469**	**1,485**	**1,473**	**1,551**	**5,978**	**1,492**	**1,504**	**1,476**	**1,518**	**5,990**
Consumer Business Unit	548	553	560	593	2,253	591	604	602	617	2,414
Enterprise business unit	675	690	651	680	2,696	640	626	602	632	2,501
Service Delivery Engine & Wholesale	110	103	102	99	415	98	94	94	100	386
Staff&Support	9	7	8	10	34	7	12	6	8	33
International Carrier Services	185	190	207	230	812	217	227	228	221	892
Intersegment eliminations	-59	-58	-54	-61	-232	-61	-60	-55	-60	-236
Costs of materials and charges to revenues	**-469**	**-479**	**-487**	**-540**	**-1,975**	**-511**	**-511**	**-515**	**-550**	**-2,087**
Personnel expenses and pensions	**-280**	**-282**	**-281**	**-281**	**-1,124**	**-281**	**-280**	**-271**	**-277**	**-1,108**
Other operating expenses	**-202**	**-226**	**-202**	**-259**	**-890**	**-207**	**-211**	**-196**	**-225**	**-840**
Segment result	**518**	**498**	**503**	**471**	**1,990**	**492**	**502**	**494**	**467**	**1,955**
Segment EBITDA margin*	**35.3%**	**33.5%**	**34.1%**	**30.4%**	**33.3%**	**33.0%**	**33.4%**	**33.5%**	**30.8%**	**32.6%**
Non recurring items	**0**	**8**	**0**	**-93**	**-85**	**0**	**-62**	**0**	**74**	**12**
Ebitda	**518**	**506**	**503**	**378**	**1,905**	**492**	**440**	**494**	**541**	**1,967**

** before non-recurring items*

Group – Capex

(EUR million)	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
Group Capex	**128**	**242**	**135**	**258**	**764**	**135**	**134**	**136**	**192**	**597**
Consumer Business Unit	10	117	29	39	195	26	16	19	29	89
Enterprise business unit	7	3	3	6	19	6	4	4	6	20
Service Delivery Engine & Wholesale	105	108	90	174	477	98	106	100	118	422
Staff&Support	6	12	9	27	54	3	6	8	27	44
International Carrier Services	1	2	3	13	19	2	3	6	12	22

CBU - Financials

(EUR million)	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
Revenues	**548**	**553**	**560**	**593**	**2,253**	**591**	**604**	**602**	**617**	**2,414**
From Fixed	**283**	**283**	**280**	**298**	**1,144**	**309**	**304**	**308**	**317**	**1,239**
Voice	153	149	147	150	599	144	141	138	138	561
Data	76	80	78	80	313	79	78	82	84	323
TV	18	20	23	24	86	29	30	34	40	134
Terminals (excl. TV)	16	14	14	13	57	13	12	13	14	51
Scarlet	0	0	0	9	9	25	24	22	23	95
Other	20	19	19	22	80	19	19	19	19	76
From Mobile	**265**	**270**	**279**	**295**	**1,110**	**282**	**300**	**293**	**300**	**1,175**
Voice	183	185	180	176	723	170	178	179	176	704
Data	70	69	67	71	277	71	77	75	80	303
Terminals (excl. TV)	9	12	12	18	50	14	18	14	16	62
Tango	0	0	17	26	43	23	23	23	24	93
Other	3	4	4	5	16	4	3	2	4	14
Costs of materials and charges to revenues	**-124**	**-127**	**-139**	**-164**	**-553**	**-166**	**-174**	**-178**	**-205**	**-723**
Personnel expenses and pensions	**-79**	**-80**	**-81**	**-85**	**-325**	**-89**	**-88**	**-81**	**-87**	**-345**
Other operating expenses	**-58**	**-71**	**-67**	**-86**	**-282**	**-68**	**-75**	**-73**	**-81**	**-297**
Segment result	**287**	**275**	**273**	**258**	**1,093**	**268**	**260**	**269**	**244**	**1,048**
Segment Contribution margin	**52.3%**	**49.8%**	**48.7%**	**43.6%**	**48.5%**	**45.4%**	**43.0%**	**44.8%**	**39.6%**	**43.4%**

CBU – Operationals

	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
FROM FIXED										
Number of access channels (thousands)	**3,136**	**3,099**	**3,078**	**3,068**	**3,068**	**3,164**	**3,130**	**3,114**	**3,102**	**3,102**
PSTN	2,223	2,176	2,125	2,071	2,071	2,013	1,979	1,956	1,934	1,934
ISDN	45	43	42	40	40	38	37	36	34	34
IP	15	21	35	54	54	71	70	65	60	60
ADSL, VDSL	854	859	876	902	902	1,042	1,044	1,057	1,075	1,075
Traffic (millions of minutes)	**1,263**	**1,188**	**1,119**	**1,231**	**4,801**	**1,230**	**1,124**	**1,060**	**1,181**	**4,594**
National	1,063	983	927	1,023	3,996	1,022	918	869	973	3,781
Fixed to Mobile	101	109	100	107	417	105	109	101	108	423
International	99	97	91	102	388	102	97	90	100	390
TV (thousands)	**349**	**391**	**443**	**506**	**506**	**555**	**589**	**663**	**752**	**752**
TV - households	313	350	389	441	441	486	513	575	652	652
of which second stream users	37	42	54	65	65	70	75	88	100	100
ARPU (EUR)										
ARPU Voice	21.5	21.3	21.3	22.2	21.6	21.7	21.6	21.5	21.7	21.7
ARPU broadband	29.8	31.0	29.7	29.7	30.0	28.6	28.1	29.1	29.0	28.7
ARPU Belgacom TV	19.3	19.6	20.2	18.5	19.4	20.4	19.2	20.6	21.3	20.4
FROM MOBILE										
Number of active customers (thousands)	**3,648**	**3,672**	**3,705**	**3,777**	**3,777**	**3,787**	**3,809**	**3,829**	**3,824**	**3,824**
Pre-paid	2,196	2,199	2,228	2,235	2,235	2,229	2,224	2,235	2,199	2,199
Post-paid	1,364	1,389	1,393	1,431	1,431	1,451	1,488	1,510	1,530	1,530
MVNO	87	84	84	111	111	107	97	84	95	95
Annualized churn rate (blended - variance in p.p.)*	**19.6%**	**19.2%**	**20.4%**	**18.8%**	**19.5%**	**19.6%**	**20.8%**	**21.5%**	**20.5%**	**20.7%**
ARPU (EUR)**										
Prepaid	24.2	22.5	21.4	22.9	22.8	22.0	24.5	23.6	26.1	24.3
Postpaid	40.8	40.3	39.8	39.2	40.0	37.3	38.6	38.2	37.6	37.6
Blended	30.0	28.9	28.1	28.7	28.9	27.5	29.5	28.9	30.3	29.1
Blended voice	20.7	19.5	18.8	18.6	19.4	17.5	18.3	18.3	18.3	18.2
Blended data	9.3	9.4	9.3	10.2	9.5	10.0	11.2	10.6	12.0	11.0
Net ARPU (EUR)**										
Prepaid	14.8	14.9	13.9	14.0	14.4	13.3	14.4	13.8	14.6	14.2
Postpaid	38.8	37.9	37.0	36.6	37.6	35.3	36.4	36.5	35.8	35.7
Blended	23.5	23.5	22.5	22.4	23.0	21.6	22.7	22.6	22.8	22.5
Blended voice	17.0	17.2	16.4	16.0	16.6	15.3	15.9	15.9	15.7	15.7
Blended data	6.5	6.3	6.1	6.4	6.3	6.3	6.8	6.7	7.1	6.7
UoU (units)	**218.5**	**224.6**	**214.4**	**244.8**	**225.8**	**262.9**	**290.5**	**275.7**	**312.4**	**286.0**
MoU (min)	**119.3**	**118.6**	**111.0**	**112.0**	**115.3**	**107.9**	**112.9**	**108.9**	**111.8**	**110.5**
Normalized MoU (min)	95.9	100.5	94.5	95.4	96.7	93.6	96.5	95.6	96.9	95.6
SMS (units)	**100.1**	**106.9**	**104.3**	**133.7**	**111.4**	**156.0**	**178.7**	**167.8**	**201.8**	**176.5**
Normalized SMS (units)	58.9	60.0	54.9	66.8	60.2	68.3	72.2	69.0	80.3	73.4

** Annualized churn is the total annualized number of retail SIM cards (postpaid + prepaid) disconnected from the Belgacom Mobile network (including the total number of port-outs due to mobile number portability) during the given period, divided by the average number of retail customers for that period.*
*** MVNO included*

EBU - Financials

(EUR million)	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
Revenue	**675**	**690**	**651**	**680**	**2,696**	**640**	**626**	**602**	**632**	**2,501**
From Fixed	470	479	449	482	1,880	444	429	413	443	1,729
Voice	157	155	146	150	608	148	144	139	142	574
Data	101	103	101	103	408	101	100	100	100	401
ICT	187	194	176	199	756	171	166	153	181	670
Terminals	18	19	19	20	77	19	18	18	19	74
Other	7	8	7	10	32	6	1	2	1	10
From Mobile	205	211	202	198	816	196	197	189	189	771
Voice	159	164	153	148	624	146	144	135	135	560
Data	39	40	41	42	162	43	46	48	47	184
Terminals	5	5	5	5	20	4	4	3	4	15
Other	2	3	2	3	10	3	3	3	3	12
Costs of materials and charges to revenues	**-212**	**-220**	**-198**	**-215**	**-844**	**-198**	**-184**	**-174**	**-192**	**-748**
Personnel expenses and pensions	**-101**	**-103**	**-102**	**-102**	**-408**	**-95**	**-94**	**-94**	**-96**	**-379**
Other operating expenses	**-40**	**-48**	**-41**	**-50**	**-178**	**-41**	**-39**	**-33**	**-29**	**-142**
Segment result	**324**	**320**	**310**	**313**	**1,266**	**306**	**310**	**301**	**315**	**1,231**
Segment Contribution margin	**47.9%**	**46.3%**	**47.6%**	**46.1%**	**47.0%**	**47.7%**	**49.4%**	**50.0%**	**49.7%**	**49.2%**

EBU – Operationals

	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
FROM FIXED										
Number of access channels (thousands)	**2,000**	**1,998**	**1,993**	**1,987**	**1,987**	**1,974**	**1,958**	**1,946**	**1,937**	**1,937**
PSTN	693	687	682	674	674	664	657	652	649	649
ISDN	874	872	868	864	864	854	847	840	830	830
IP	2	2	4	7	7	11	11	12	12	12
ADSL, VDSL	431	436	439	443	443	445	443	442	446	446
Traffic (millions of minutes)	**969**	**944**	**841**	**889**	**3,643**	**901**	**837**	**770**	**828**	**3,336**
National	672	645	572	610	2,499	620	569	522	567	2,278
Fixed to Mobile	183	186	165	175	708	176	171	157	169	672
International	114	114	104	105	436	105	97	91	92	386
ARPU (EUR)										
ARPU Voice	32.7	32.2	30.4	31.6	31.7	31.3	30.9	30.1	30.9	30.8
ARPU Broadband	40.4	41.2	40.4	40.2	40.6	40.1	39.8	40.1	39.7	39.9
FROM MOBILE										
Number of active customers (thousands)	**1,065**	**1,093**	**1,116**	**1,139**	**1,139**	**1,170**	**1,190**	**1,211**	**1,235**	**1,235**
Post-paid	1,065	1,093	1,116	1,139	1,139	1,170	1,190	1,211	1,235	1,235
Annualized churn rate (blended - variance in p.p.)	**10.2%**	**9.4%**	**9.4%**	**11.4%**	**10.1%**	**10.7%**	**11.0%**	**9.0%**	**9.9%**	**10.2%**
ARPU (EUR)										
Postpaid	69.3	69.7	65.0	64.3	67.0	60.8	60.4	58.4	58.3	59.6
Postpaid voice	55.9	56.2	51.5	50.2	53.4	47.1	46.2	43.5	43.7	45.2
Postpaid data	13.4	13.5	13.5	14.1	13.6	13.7	14.3	14.9	14.5	14.4
Net ARPU (EUR)										
Postpaid	62.6	62.9	58.8	56.1	60.0	54.5	53.6	51.1	50.1	52.4
Postpaid voice	50.3	50.6	46.3	43.7	47.6	42.1	40.7	37.6	37.2	39.5
Postpaid data	12.4	12.3	12.5	12.5	12.4	12.4	12.9	13.4	12.9	12.9
UoU (units)	**397.2**	**411.0**	**372.7**	**397.2**	**394.8**	**388.5**	**389.2**	**365.4**	**387.8**	**382.4**
MoU (min)	**371.9**	**385.9**	**347.1**	**365.6**	**367.7**	**355.4**	**354.5**	**329.3**	**346.6**	**346.0**
Normalized MoU (min)	355.6	369.1	329.7	347.5	350.5	337.9	338.9	313.5	327.7	327.7
SMS (units)	**52.0**	**53.8**	**53.1**	**62.2**	**55.4**	**64.7**	**68.4**	**68.6**	**76.5**	**69.6**
Normalized SMS (units)	49.6	48.8	48.2	53.5	50.1	53.3	54.3	53.8	57.6	54.5

** Prepaid fully segmented as CBU*

SDE&W - Financials

(EUR million)	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
Revenues	**110**	**103**	**102**	**99**	**415**	**98**	**94**	**94**	**100**	**386**
From Fixed	**90**	**81**	**81**	**78**	**330**	**79**	**74**	**75**	**81**	**308**
From Mobile	**20**	**22**	**21**	**21**	**85**	**19**	**21**	**19**	**19**	**77**
Costs of materials and charges to revenues	**-29**	**-23**	**-21**	**-19**	**-93**	**-16**	**-18**	**-18**	**-20**	**-72**
Personnel expenses and pensions	**-54**	**-53**	**-52**	**-50**	**-209**	**-50**	**-50**	**-47**	**-45**	**-193**
Other operating expenses	**-46**	**-45**	**-41**	**-48**	**-179**	**-48**	**-43**	**-42**	**-51**	**-185**
Segment result	**-20**	**-18**	**-11**	**-18**	**-67**	**-16**	**-18**	**-13**	**-18**	**-64**
Segment Contribution margin	**-18.0%**	**-17.3%**	**-11.0%**	**-18.4%**	**-16.2%**	**-16.5%**	**-18.7%**	**-13.6%**	**-17.6%**	**-16.6%**

S&S - Financials

(EUR million)	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
Revenues	**9**	**7**	**8**	**10**	**34**	**7**	**12**	**6**	**8**	**33**
Costs of materials and charges to revenues	**-1**	**-1**	**-1**	**-1**	**-3**	**0**	**-1**	**-1**	**1**	**0**
Personnel expenses and pensions	**-40**	**-41**	**-41**	**-39**	**-160**	**-41**	**-41**	**-42**	**-42**	**-166**
Other operating expenses	**-55**	**-59**	**-52**	**-71**	**-237**	**-50**	**-49**	**-43**	**-61**	**-204**
Segment result	**-86**	**-94**	**-86**	**-100**	**-366**	**-84**	**-79**	**-80**	**-94**	**-337**

ICS - Financials

(EUR million)	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
Revenues	**185**	**190**	**207**	**230**	**812**	**217**	**227**	**228**	**221**	**892**
Costs of materials and charges to revenues	**-157**	**-160**	**-174**	**-195**	**-685**	**-184**	**-186**	**-193**	**-186**	**-749**
Personnel expenses and pensions	**-5**	**-5**	**-6**	**-5**	**-22**	**-6**	**-6**	**-6**	**-6**	**-24**
Other operating expenses	**-9**	**-10**	**-10**	**-12**	**-41**	**-8**	**-11**	**-11**	**-10**	**-40**
Segment result	**14**	**14**	**18**	**18**	**64**	**19**	**23**	**17**	**20**	**78**
Segment EBITDA margin	**7.6%**	**7.5%**	**8.5%**	**7.8%**	**7.9%**	**8.7%**	**10.0%**	**7.4%**	**8.8%**	**8.7%**

ICS – Operationals

(Voice volumes in billion of minutes)	Q108	Q208	Q308	Q408	2008	Q109	Q209	Q309	Q409	2009
Voice Direct Routing	1.8	1.8	1.8	1.9	7.3	1.8	1.8	1.8	1.8	7.2
Voice Standard Products	0.3	0.4	0.4	0.5	1.6	0.5	0.5	0.5	0.6	2.0
Voice Premium Products	1.5	1.7	1.9	2.2	7.3	2.1	2.4	2.5	3.0	10.1
Total	**3.7**	**3.9**	**4.1**	**4.5**	**16.2**	**4.5**	**4.7**	**4.8**	**5.4**	**19.3**

BICS volumes included at 100%

Financial statements

Consolidated income statements

(EUR million)	Year ended 31 December 2008	2009
Net revenue	5,911	5,922
Other operating revenue	67	68
Non-recurring revenue	8	74
TOTAL REVENUE	**5,986**	**6,065**
Costs of materials and charges to revenue	-1,975	-2,087
Personnel expenses and pensions	-1,124	-1,108
Other operating expenses	-890	-840
Non-recurring expenses	-93	-62
TOTAL OPERATING EXPENSES before depreciation & amortization	**-4,081**	**-4,097**
OPERATING INCOME before depreciation & amortization	**1,905**	**1,967**
Depreciation and amortization	-743	-706
OPERATING INCOME	**1,161**	**1,261**
Finance revenue	29	18
Finance costs	-137	-135
Net finance costs	**-109**	**-117**
INCOME BEFORE TAXES	**1,053**	**1,144**
Tax expense	-254	-241
NET INCOME	**799**	**904**
Non-controlling interests	-1	-1
Net income (Group share)	800	904
Basic earnings per share	2.45 EUR	2.82 EUR
Diluted earnings per share	2.45 EUR	2.82 EUR
Weighted average number of ordinary shares	326,179,820	320,475,553
Weighted average number of ordinary shares for diluted earnings per share	326,287,237	320,686,600

Consolidated statements of other comprehensive income

(EUR million)	Year ended 31 December 2008	2009
Net income	**799**	**904**
Other comprehensive income:		
Available-for-sale investments:		
Valuation gain/(loss) taken to equity	0	1
Exchange differences on translation of foreign operations	1	1
Other comprehensive income net of tax	**2**	**1**
Total comprehensive income	**801**	**905**
Attributable to:		
Equity holders of the parent	801	906

Consolidated balance sheets

(EUR million)	As of 31 December 2008	As of 31 December 2009
ASSETS		
NON-CURRENT ASSETS	**5,564**	**5,505**
Goodwill	2,111	2,088
Intangible assets with finite useful life	552	623
Property, plant and equipment	2,501	2,420
Enterprises accounted for under the equity method	0	2
Other participating interests	1	1
Deferred income tax assets	308	295
Pension assets	5	2
Other non-current assets	85	75
CURRENT ASSETS	**2,218**	**1,945**
Inventories	100	86
Trade receivables	1,205	1,089
Current income tax assets	144	169
Other current assets	151	194
Investments	53	76
Cash and cash equivalents	565	332
TOTAL ASSETS	**7,782**	**7,450**
LIABILITIES AND EQUITY		
EQUITY	**2,276**	**2,528**
Shareholders' equity	**2,271**	**2,521**
Issued capital	1,000	1,000
Treasury shares	-517	-509
Restricted reserve	100	100
Remeasurement to fair value	4	5
Stock compensation	6	10
Retained earnings	1,675	1,911
Foreign currency translation	3	4
Non-controlling interests	**5**	**7**
NON-CURRENT LIABILITIES	**3,182**	**3,093**
Interest-bearing liabilities	2,128	2,128
Liability for pensions, other post-employment benefits and termination benefits	777	677
Provisions	225	199
Deferred income tax liabilities	49	86
Other non-current payables	3	3
CURRENT LIABILITIES	**2,323**	**1,830**
Interest-bearing liabilities	393	59
Trade payables	1,239	1,123
Income tax payables	165	137
Other current payables	527	511
TOTAL LIABILITIES AND EQUITY	**7,782**	**7,450**

Consolidated cash flow statements

(EUR million)	Year ended 31 December 2008	2009
Cash flow from operating activities		
Net income (group share)	800	904
Adjustments for:		
Non-controlling interests	0	-1
Depreciation and amortization on intangible assets and property, plant and equipment	743	706
Increase of impairment on intangible assets and property, plant and equipment	12	3
Increase of provisions	36	8
Deferred tax expense	9	46
Fair value adjustments on financial instruments	18	2
(Gain) / loss on disposal of consolidated companies	13	-72
Gain on disposal of property, plant and equipment	-3	-3
Other non-cash movements	5	5
Operating cash flow before working capital changes	**1,631**	**1,598**
Decrease / (increase) in inventories	-2	14
Decrease / (increase) in trade receivables	-48	66
Increase in current income tax assets	-27	-25
Increase in other current assets	-52	-38
Decrease in other non current assets	1	0
Increase / (decrease) in trade payables	134	-55
Decrease in income tax payables	-5	-27
Increase in other current payables	14	11
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-54	-97
Decrease in other non-current payables and provisions	-40	-40
Increase in working capital, net of acquisitions and disposals of subsidiaries	**-79**	**-192**
Net cash flow provided by operating activities	**1,552**	**1,406**
Cash flow from investing activities		
Purchase of intangible assets and property, plant and equipment	-764	-597
Cash (paid) / received for consolidated companies, net of cash acquired	-390	1
Cash (paid) / received from sales of consolidated companies, net of cash disposed of	1	-22
Cash received from sales of intangible assets and property, plant and equipment	13	2
Net cash received from other non-current assets	0	0
Net cash received from / (paid for) other non-current assets	-3	6
Net cash used in investing activities	**-1,143**	**-609**
Cash flow before financing activities	**409**	**797**
Cash flow from financing activities		
Dividends paid to shareholders	-710	-684
Dividends paid to non-controlling interests	-1	0
Net sale / (acquisition) of treasury shares	-340	8
Sale / (purchase) of investments	4	-23
Decrease of shareholders' equity	-1	-1
Issuance of long term debt	459	-298
Issuance / (repayment) of short term debt	19	-33
Net cash used in financing activities	**-570**	**-1,030**
Net increase / (decrease) of cash and cash equivalents	**-161**	**-233**
Cash and cash equivalents at 1 January	726	565
Cash and cash equivalents at 31 December	565	332

Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Remeasure-ment to fair value	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Minority interests	Total Equity
Balance at 31 December 2007	**1,000**	**-178**	**100**	**4**	**2**	**5**	**1,586**	**2,520**	**6**	**2,525**
Fair value changes in available-for-sale investments	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Currency translation differences	*0*	*0*	*0*	*0*	*1*	*0*	*0*	*1*	*0*	*1*
Equity changes not recognised in the income statement	0	0	0	1	1	0	0	2	0	2
Net income	0	0	0	0	0	0	800	800	0	799
Total comprehensive income and expense	**0**	**0**	**0**	**1**	**1**	**0**	**800**	**801**	**0**	**801**
Dividends to shareholders (relating to 2007)	0	0	0	0	0	0	-550	-550	0	-550
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	-1	-1
Treasury shares										
Exercise of stock options	0	9	0	0	0	0	-2	7	0	7
Acquisition of treasury shares	0	-352	0	0	0	0	0	-352	0	-352
Sale of treasury shares under a discounted share purchase plan	0	4	0	0	0	0	0	4	0	4
Cancellation of treasury shares	0	0	0	0	0	0	0	0	0	0
Stock options										
Stock options granted and accepted	0	0	0	0	0	3	0	3	0	3
Deferred stock compensation	0	0	0	0	0	-3	0	-3	0	-3
Amortization deferred stock compensation	0	0	0	0	0	2	0	2	0	2
Exercise of stock options	0	0	0	0	0	-1	1	0	0	0
Total transactions with equity holders	**0**	**-340**	**0**	**0**	**0**	**1**	**-711**	**-1,050**	**0**	**-1,050**
Balance at 31 December 2008	**1,000**	**-517**	**100**	**4**	**3**	**6**	**1,675**	**2,271**	**5**	**2,276**
Fair value changes in available-for-sale investments	*0*	*0*	*0*	*1*	*0*	*0*	*0*	***1***	*0*	*1*
Currency translation differences	*0*	*0*	*0*	*0*	*1*	*0*	*0*	***1***	*0*	*1*
Equity changes not recognised in the income statement	0	0	0	1	1	0	0	**1**	0	1
Net income	0	0	0	0	0	0	904	**904**	-1	904
Total comprehensive income and expense	**0**	**0**	**0**	**1**	**1**	**0**	**904**	**906**	**-1**	**905**
Dividends to shareholders (relating to 2008)	0	0	0	0	0	0	-538	**-538**	0	-538
Interim dividends to shareholders (relating to 2009)	0	0	0	0	0	0	-128	**-128**	0	-128
Acquisition of non-controlling interests	0	0	0	0	0	0	0	**0**	3	3
Treasury shares	0									
Exercise of stock options	0	2	0	0	0	0	0	**2**	0	2
Sale of treasury shares under a discounted share purchase plan	0	6	0	0	0	0	-1	**5**	0	5
Stock options										
Stock options granted and accepted	0	0	0	0	0	4	0	**4**	0	4
Deferred stock compensation	0	0	0	0	0	-4	0	**-4**	0	-4
Amortization deferred stock compensation	0	0	0	0	0	4	0	**4**	0	4
Total transactions with equity holders	**0**	**8**	**0**	**0**	**0**	**3**	**-668**	**-656**	**3**	**-653**
Balance at 31 December 2009	**1,000**	**-509**	**100**	**5**	**4**	**10**	**1,911**	**2,521**	**7**	**2,528**

Segment reporting

Segment revenue and results

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Year ended 31 December 2008						
Net revenue	2187	2628	339	1	756	-	5911
Other operating revenue	15	15	14	21	2	-	67
Intersegment revenue	51	53	62	11	55	-232	0
TOTAL SEGMENT REVENUE	**2253**	**2696**	**415**	**34**	**812**	**-232**	**5978**
Costs of materials and charges to revenue	-553	-844	-93	-3	-685	204	-1975
Personnel expenses and pensions	-325	-408	-209	-160	-22	0	-1124
Other operating expenses	-282	-178	-179	-237	-41	28	-890
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1160**	**-1430**	**-482**	**-400**	**-748**	**232**	**-3988**
TOTAL SEGMENT RESULT (1)	**1093**	**1266**	**-67**	**-366**	**64**	**0**	**1990**
Non-recurring revenue		8					8
Non-recurring expenses		-39		-54			-93
OPERATING INCOME / (LOSS) before depreciation & amortization	**1093**	**1235**	**-67**	**-420**	**64**	**0**	**1905**
Depreciation and amortization	-105	-32	-496	-92	-20	0	-743
OPERATING INCOME / (LOSS)	**988**	**1203**	**-563**	**-512**	**44**	**0**	**1161**
Finance expense (net)							-109
Loss from enterprises accounted for using the equity method							
INCOME BEFORE TAXES							**1053**
Tax expense							-254
NET INCOME							**799**
Non-controlling interests							-1
Net income (Group share)							800

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Year ended 31 December 2009						
Net revenue	2,344	2,451	287	2	838		5,922
Other operating revenue	15	14	17	20	3		68
Intersegment revenue	55	36	82	11	52	-236	**0**
TOTAL SEGMENT REVENUE	**2,414**	**2,501**	**386**	**33**	**892**	**-236**	**5,990**
Costs of materials and charges to revenue	-723	-748	-72	0	-749	206	-2,087
Personnel expenses and pensions	-345	-379	-193	-166	-24	0	-1,108
Other operating expenses	-297	-142	-185	-204	-40	29	-840
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,366**	**-1,270**	**-450**	**-370**	**-814**	**236**	**-4,035**
TOTAL SEGMENT RESULT (1)	**1,048**	**1,231**	**-64**	**-337**	**78**	**0**	**1,955**
Non-recurring revenue	0	0	0	0	74	0	**74**
Non-recurring expenses	-7	-56	0	0	-1	0	**-62**
OPERATING INCOME / (LOSS) before depreciation & amortization	**1,041**	**1,176**	**-64**	**-337**	**151**	**0**	**1,967**
Depreciation and amortization	-144	-27	-437	-77	-21	0	-706
OPERATING INCOME / (LOSS)	**897**	**1,149**	**-502**	**-413**	**130**	**0**	**1,261**
Finance expense (net)							-117
Loss from enterprises accounted for using the equity method							0
INCOME BEFORE TAXES							**1,144**
Tax expense							-241
NET INCOME							**904**
Non-controlling interests							-1
Net income (Group share)							904

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

Segment assets

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Unallocated	Total
As of 31 December 2008							
Goodwill	1,026	1,085	0	0	0	-	2,111
Segment assets	286	52	1,956	698	64	-3	3,054
Unallocated assets						2,617	2,617
Total assets	**1,313**	**1,136**	**1,956**	**698**	**64**	**2,614**	**7,782**

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Unallocated	Total
As of 31 December 2009							
Goodwill	1,003	1,085	0	0	0	-	2,088
Segment assets	256	43	1,952	659	134	-2	3,043
Unallocated assets						2,320	2,320
Total assets	**1,259**	**1,127**	**1,952**	**659**	**134**	**2,318**	**7,450**

Other segment information

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
Year ended 31 December 2008							
Capital expenditure	195	19	477	54	19	0	764

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
Year ended 31 December 2009							
Capital expenditure	89	20	422	44	22	0	597

Contingent liabilities

No changes occurred in 2009 in the contingent liabilities other than those mentioned in the third quarter 2009 interim report.

Subsequent events

On 4 January 2010, in order for Belgacom SA to become one fully integrated company, in the context of the FMS convergence process launched in 2006, the following steps have been realized:
Capital reduction of Belgacom Invest Sarl by distribution of Belgacom Mobile SA shares to Belgacom SA;
Transfer of all shares held by Telindus Group SA in Telindus SA and Telindus Sourcing SA to Belgacom SA;
Merger by absorption of Belgacom Mobile SA, Telindus SA and Telindus Sourcing SA into Belgacom SA; and
Partial demergers of Belgacom Skynet SA and Telindus Group SA (for its national activity) into Belgacom SA.
As these steps are intra-group operations, all impacts on the statutory books of the legal entities are reversed for Group purposes.

Procedures of the auditor

The auditor has confirmed that his audit procedures in respect of the consolidated financial statements are substantially completed, and did not reveal significant corrections that should be incorporated in the accounting data included in the present document.

Definitions

Broadband lines CBU: include the Belgian residential lines of Scarlet as from Q1 2009.

Fixed Voice ARPU: total voice revenue, excluding activation and payphone-related revenue, divided by the average voice access channels for the period considered, divided by the number of months in that same period.

Broadband ARPU: total ADSL revenue (for CBU including Scarlet ADSL revenue), divided by the average number of ADSL lines for the period considered, divided by the number of months in that same period.

Belgacom TV ARPU: includes only customer-related revenue and takes into account promotional offers, divided by the number of households with Belgacom TV.

Mobile active customers: customers who have made or received at least one call or sent or received at least one SMS message in the last three months. Prepaid customers and MVNO customers are fully segmented as CBU customers.

Annualized mobile churn rate: the total annualized number of SIM cards disconnected from the Belgacom Mobile network (including the total number of port-outs due to mobile number portability) during the given period, divided by the average number of customers for that same period.

Mobile net ARPU: calculated on the basis of monthly averages for the period indicated.
Monthly net ARPU is equal to total mobile voice and mobile data revenues, divided by the average number of active mobile customers for that period.

UoU (Units of Use): voice minutes of use +SMS (where one SMS equals one minute) per active customer per month.

MoU (Minutes of Use): duration of all calls from or to Proximus, per active voice customer, per month.

Normalized MoU: duration of all calls from or to Proximus, per active voice customer, per month – excluding free minutes

SMS: number of SMS per active customer per month.

Normalized SMS: number of paying SMS per active customer per month (i.e. excluding free SMS).

General information

Financial calendar

26 February 2010	Announcement of full-year results 2009
14 April 2010	Annual General Shareholder Meeting
7 May 2010	Announcement of first quarter results 2010
30 July 2010	Announcement of half-year results 2010
29 October 2010	Announcement of third quarter results 2010

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Brussels Register of Legal Entities
Brussels Trade Registry 587.163

Date of constitution – Legal form

The transformation of Belgacom into a *"société anonyme"* (limited liability company) under public law was implemented by the Royal Decree of 16 December 1994, which was published in the Belgian Official Gazette on 22 December 1994, and became effective that same day.