> full-year report

FY 2010

belgacom

Key figures

Income Statement (EUR million)	Year ended 31 December 2009	2010
Total income before non-recurring items	5,990	6,603
Non-recurring income	74	436
Total income	6,065	7,040
EBITDA (1) before non-recurring items	1,955	1,984
EBITDA (1)	1,967	2,428
Depreciation and amortization	-706	-809
Operating income (EBIT)	1,261	1,619
Net finance costs	-117	-102
Income before taxes	1,144	1,517
Tax expense	-241	-233
Non-controlling interests	-1	17
Net income (Group share)	904	1,266

Cash flows and Capital Expenditures (EUR million)	Year ended 31 December 2009	2010
Cash flows from operating activities	1,406	1,666
Capital expenditures	-597	-734
Cash flows from / (used in) other investing activities	-12	48
Free cash flow (2)	**797**	**980**
Cash flows used in financing activities	-1,030	-728
Net increase / (decrease) of cash and cash equivalents	**-233**	**252**

Balance sheet (EUR million)	As of 31 December 2009	2010
Balance sheet total	7,450	8,511
Non-current assets	5,505	6,185
Investments, cash and cash equivalents	408	627
Shareholders' equity	2,521	3,108
Non-controlling interests	7	235
Liabilities for pensions, other post-employment benefits and termination benefits	677	565
Net financial position	-1,716	-1,451

Data per share	Year ended 31 December 2009	2010
Basic earnings per share (EUR)	2.82	3.94
Diluted earnings per share (EUR)	2.82	3.94
Weighted average number of ordinary shares	320,475,553	321,138,048

Data on employees	Year ended 31 December 2009	2010
Number of employees (full-time equivalents)	16,804	16,308
Average number of employees over the period	16,878	16,270
Total income per employee (EUR)	359,322	432,685
EBITDA (1) per employee (EUR)	116,551	149,247

Ratios (before non-recurring items)	Year ended 31 December 2009	2010
Return on Equity (3)	36%	32%
Gross margin	65%	60%
Net debt / EBITDA before non-recurring items	0.9	0.7

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities.
(3) The net income and the Shareholders' equity are adjusted to exclude the non-recurring income /expenses and the related tax impacts.

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, Bart Van Den Meersche 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.

Highlights

- *Full-year 2010 ended with solid financial results:*
  - *Group revenue up by 10.2%*
  - *Group EBITDA margin of 30%*
  - *Free Cash Flow of EUR 980 million*
- *Attractive return to shareholders as committed in policy*

- Belgacom Group ends 2010 with a solid revenue[1] of EUR 6,603 million, excluding non-recurring income, or an increase of 10.2% compared to 2009.

- On a like-for-like basis, i.e. when consolidating the 2010 revenue from BICS proportionally at 57.6%, the Belgacom Group revenue is 0.6% below the previous year, including the negative impact from regulation, which reduced the full-year revenue by EUR 121 million or -2%.

- Full-year Group EBITDA, before non-recurring items, of EUR 1,984 million, i.e. 1.5% higher than for 2009. Adjusted for the full consolidation of BICS and contribution of MTN, the EBITDA decreased year-over-year by EUR 26 million or -1.3%, equivalent to the negative regulation impact.

- The solid 2010 EBITDA level led to a full-year EBITDA margin of 30%.

- In 2010, Belgacom invested a total of EUR 734 million, or 11.1% of its Group revenue (including the 2G license renewal), compared to EUR 597 million in the previous year.

- Belgacom ended the year 2010 with a strong Free Cash Flow of EUR 980 million, i.e. EUR 183 million higher than for 2009, driven by a positive EBITDA evolution, timing differences and some one-off items.

- Evolution of Belgacom's customer base over full-year 2010:
  - + 223,000 new Belgacom TV customers, leading to a total customer base of 975,000[2]
  - + 37,000 Internet customers, or a total Internet customer base of 1,558,000
  - + 15,000 Mobile customers, with total mobile customer base at 5,332,000[3]
  - + 68,000 Mobile internet customers[4], increasing customer base to 182,000
  - + 311,000 Multi-play Packs, leading to total of 870,000 Packs by year-end

- Further to the company's commitment to an attractive shareholder return, Belgacom's Board of Directors approved on 24 February 2011 the following shareholder return:
  - Over the financial result 2010, a normal dividend of EUR 1.68 gross per share, subject to approval by the Annual Shareholders Meeting, on top of the EUR 0.50 gross interim dividend per share paid in December 2010;
  - a share buyback for a maximum amount of EUR 200 million, to be carried out during 2011-2012;
  - and to return from the result 2011 a total dividend of EUR 2.18 gross per share.

Comment by the CEO

I am pleased to announce a set of sound financial results, in spite of significant regulatory headwinds and a toughening competitive landscape, in which all players are now moving towards convergence. This all the more confirms that we have chosen the right long-term strategy. Over 2010 we performed particularly well on our topline, with growth being slightly ahead of our 2010 full-year guidance thanks to a sound business growth in our consumer segment, and the organic growth from BICS, be it at typically lower margins. Nevertheless we managed to achieve a solid EBITDA and as such reached our EBITDA margin target of 30%. Throughout the year, we continued to invest in our business in a steady manner, focusing on key areas, while maintaining a sound financial status. The strong Free Cash Flow generated in 2010 will largely be returned to our shareholders, as we committed in our shareholder remuneration policy.

Didier Bellens, CEO Belgacom

[1] Total of net revenue, other operating income and non-recurring income
[2] Corresponds to the number of Belgacom TV Settop boxes
[3] Including voice and data cards and mobile customers from Tango
[4] Internet on laptop, excluding Internet on smartphone

Strategic Progress

More & more customers are opting for multi-play Packs. Over 45% of consumers have at least two products.

Belgacom continued to implement its consistent long-term strategy which is centered around convergence, and is now leading the market on the convergence path. Within the consumer business segment, more and more customers are opting for one of the converged Packs. By end 2010, a total of 870,000 Packs were sold, up by 55% versus last year. By year-end, over 45% of the consumer client base had at least two Belgacom products, and the number of quadruple-play customers is growing steadily, now representing ~ 9%. In 2010, Belgacom focused its marketing campaigns on Packs with a mobile subscription, leading to a growing proportion of mobile Packs in the total base.

Belgacom TV has 18% share of total Belgian TV market, and 32% share of Digital TV market.

As competition on multi-play is growing fiercer, new market strategies have been developed. In this context, Belgacom boosted its fixed internet offer. Belgacom was the first to launch unlimited fixed internet volumes. It also further increased download and upload speeds, and has pushed further the free usage of mobile internet during weekends. These enhancements also applied to the converged Packs with internet. In particular, the unique market positioning with Packs including “Free TV” continued to attract many customers, driving the total of set-top boxes rented or sold by year-end to 975,000, representing 839,000 households opting for Belgacom’s TV offer. This led to a share[1] of 18% of the total Belgian TV market, and a 32% share of the Digital TV market. At the same time, for Belgacom’s consumer segment, the TV penetration reached about 60% of its internet customers. This is quite an achievement in a five-year period, though it shows there is still room for further upside.

Building a next-generation TV experience, supported by selective partnerships.

Building upon this success, Belgacom intends to further uplift the TV platform to an “Entertainment”-platform. To develop this next-generation TV experience, Belgacom is reinforcing its operations through a number of strategic partnerships. In May 2010, Belgacom announced an exclusive partnership with OnLive to expand its services in areas such as interactive entertainment, cloud computing and online gaming. This was followed in September by the announcement of a partnership with in3Depth Systems, a Belgian company with a unique and internationally acknowledged expertise in 3D-gesture recognition technologies, which could be applied to a wide range of Belgacom Entertainment content, from video games to e-learning applications. Furthermore, Belgacom concluded a transaction with Jinni, an innovative Israeli company, with an internationally recognized service providing a personalized search-and-recommendation engine for movies and television shows. Belgacom also announced a strategic partnership with blinkx, the world's largest and most advanced video search engine, to power TV and Video Search across Belgacom's new entertainment platform.

Belgacom clearly wants to maintain a leadership position in innovation. That is why Belgacom was the first in Belgium to capture a football match in 3D to broadcast it live on a series of screens in a number of cafes. The test was very conclusive: the new 3D technology, particularly in the case of football, offers a truly new television experience to viewers and opens up new and exciting prospects for the future. Today, Belgacom’s TV-offer includes a “3D-demo” channel as well as a selection of 3D-movies.

Belgacom well-positioned to benefit from promising growth potential in non-SMS mobile data.

Another promising area for future growth potential is non-SMS mobile data. In 2010 the penetration rate of smartphones increased sharply and with the average price of smartphones coming down, the pace of smartphone penetration is expected to further accelerate.

Operating a nationwide, high-quality 3G-network covering 97% of the Belgian population, Belgacom is well-positioned to capture that growth. In 2010, Belgacom launched a series of attractive subscriptions for mobile internet on Smartphone, allowing subscribers to consume a certain volume of mobile data for a fixed monthly fee. Compared to end 2009, the number of Internet on smartphone-users grew significantly. Belgacom also maintains a leading position with regard to the number of customers using “mobile internet on laptop”. By year-end, the number of subscribers for the Belgacom Group as a whole grew to 182,000, up nearly 60% compared to last year.

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[1] Market shares based on situation end September 2010, awaiting competitor year-end results

Reinforcing convergence position in SME market through partnerships

Within the enterprise domain, Telecom and IT are converging ever more closely. Cloud services and SaaS[1] applications are becoming increasingly important. This is also true for SMEs and the self-employed. Users want to have access to their company applications anytime, anyplace. To strengthen its IT offering for this market, Belgacom took various initiatives in 2010. In March 2010, Belgacom started to deploy a network of local ICT agents, such as PC stores and resellers, focusing on selling integrated telecom and IT products to the self-employed and small enterprises. By the end of 2010 Belgacom had established a network of 200 ICT agents, spread throughout Belgium. For the medium-sized enterprises, Belgacom set up a new company called "Belgacom Bridging ICT", a wholly owned subsidiary which consolidates the activities of four Belgian IT integrators. With this new company, Belgacom created an exclusive ICT expert channel, spread throughout the country. To make Belgacom Bridging ICT more effective, a strategic partnership has been formed with the Belgian hosting company ClearMedia, in which a 40% stake has been acquired. By cooperating with ClearMedia, Belgacom Bridging ICT has strongly expanded its offer of hosted applications (online back-up, virtual servers, hosted software applications such as hosted Exchange, hosted SharePoint and hosted CRM) and, above all, acquired a strong partner support platform.

A nationwide, high-quality, fixed and mobile network is a key enabler of the convergence strategy

Convergence is clearly a key to success for all customer segments. Operating a high-quality, nationwide fixed and mobile network is an important enabler of the convergence strategy. For its fixed network, Belgacom continued to invest in the further deployment of fiber to the street cabinet and VDSL2, allowing for faster speeds to a larger number of households and enterprises. By end 2010, the VDSL2 population coverage reached 76% of households. Belgacom has decided to expand its Broadway-network to reach service coverage of 85% by end 2013. In parallel, focus will be placed on optimizing the copper-access network, which will lead to higher bandwidths over VDSL. The mobile radio access network is currently being upgraded with the latest cutting-edge equipment from Huawei, a Chinese telecommunications specialist. By end 2010, over 27% of the mobile radio access network had already been replaced. The full roll-out is planned for end 2011, gearing Belgacom's mobile network up for the latest standard for mobile network technology, LTE.

Meanwhile, Belgacom also progressed with its long-term business transformation project "Move to All IP" (MaIP), re-engineering its network, IT systems and processes. Realizations in 2010 consisted of improved monitoring and diagnostic services, the launch of a new sales support tool for the residential market and a new "From quote to cash" application which is implemented for the ICT business in Belgium. Since 2010, professional and residential customers are connected to the new Voice over IP platform. So far, EUR 101 million has been invested in the MaIP project, of which EUR 50 million in 2010.

Focus in 2010 on "Customer Satisfaction" led to significant improvements.

The primary focus in 2010, apart from pursuing the long-term strategy, was on increasing the customer satisfaction level. By drastically enhancing the end-to-end experience of its customers, Belgacom aims to become the preferred operator in terms of quality of service. A first focal area is "Operations". Besides the overall improvement of quality of execution, Belgacom created an expert support desk to handle complex cases, avoiding potential sources of dissatisfaction. In addition, evening installations and repairs at customer premises were introduced.

'Accessibility' is another area in which significant progress was made. Opening hours of call centers were extended and the waiting times drastically reduced. The communication with customers before and after appointments also improved considerably. Overall, the efforts in 2010 have led to significant progress on all Customer Centricity indicators, though there is still scope for further improvement. The focus on Customer Satisfaction will therefore be maintained in 2011.

Moreover, in 2011, Belgacom will also concentrate on 'simplification', for example by simplifying internal processes and product offerings to customers. Such initiatives aim to make the company more agile in a rapidly changing market.

Well on track to become a leading socially responsible company in Belgium.

During 2010 Belgacom progressed with its CSR strategy, and is well on track to reach its target of becoming a leading socially responsible company in Belgium by 2012. The company's CSR efforts gained external recognition, confirming the relevance of the CSR strategy and governance set up four years ago. In this context, Belgacom was included in the Ethibel Excellence Investment Register. In addition, Belgacom's CSR report was awarded the third place in the Belgian CSR Awards and Belgacom once again features among the companies that have received the Belgian Top Employer label.

[1] Software as a service

Reporting changes

Note that certain changes in the reporting structure had a significant impact on the results as of 1 January 2010.
To aid the reader, the impact of the changes has been explained in the results analysis further in this press release and references are made to restated results. Note, however, that the 2009 restated result has not been audited.
The full-year 2010 results include the changes described below.

1- BICS 100% consolidated, including MTN ICS

On 30 November 2009, MTN transferred its international carrier services to BICS in exchange for a 20% stake in BICS. As a result, Belgacom's interest in BICS was diluted from 72% to 57.6%, with Swisscom now owning 22.4%.
Until year-end 2009, BICS was jointly controlled by Belgacom, Swisscom and MTN, and was therefore proportionally consolidated.
On 1 January 2010 Belgacom acquired control of BICS. As a result of this and in application of the revised IFRS 3, BICS became fully consolidated on 1 January 2010, with the recognition of a non-recurring gain of EUR 436 million.
The Group net income is adjusted via the minority interests.

2- The integration of Belgacom and some of its subsidiaries into one legal entity

On 4 January 2010, an Extraordinary General Meeting (EGM) approved the further integration of the Belgian subsidiaries/activities of the Belgacom Group into Belgacom SA.
This concerns Belgacom SA, Belgacom Mobile SA, Telindus NV, Telindus Sourcing SA, the activities of Belgacom Skynet SA and the national activities of Telindus Group NV.
All other subsidiaries were excluded from the merger, and hence remain separate legal entities (e.g. BICS, Skynet iMotion Activities, Tango, Scarlet, the international subsidiaries of the Telindus Group, and all other smaller entities.).

<u>Although this had a neutral impact at Belgacom Group level, it resulted in some shifts between segments, especially impacting segment revenue from mobile voice and mobile data.</u> The reason for this is the disappearance of the intercompany flows between the merged legal entities. The intercompany flow impacted the most is the Fixed-to-Mobile interconnection traffic (Belgacom SA to Proximus). Before the merger Belgacom SA paid mobile termination costs to Belgacom Mobile SA (Proximus) to terminate fixed calls on the Proximus network. The same applies to Mobile-to-Fixed interconnection traffic, although the impact is much less significant.
Before the approval of the EGM on 4 January, Belgacom SA and Belgacom Mobile SA were separate legal entities, and therefore these interconnection traffic streams resulted in the recognition of revenue and sales-related costs. At Belgacom Group level, these flows were eliminated via "inter-segment eliminations".

3- Fine-tuning of revenue and cost allocations

Within the revenue structure of the segments, the product allocation has been fine-tuned. This results in some minor shifts between the reported product groups. For the costs too, some minor adaptations have been made to realign the cost structure.

Financial report

Belgacom Group

- **Solid full-year revenue: up by 10.2%; underlying business growing 1.4%**
- **Full-year EBITDA of EUR 1,984 million, or +1.5% YoY**
- **Group EBITDA margin of 30%**
- **Strong FCF of EUR 980 million**

✓ *Quarterly financials at group and segment level: page 25*

Revenue[1]

	Year ended 31 December				
	2009		**2010**		**Variance 2010/2009**
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	2,414	40%	2,368	36%	-1.9%
Enterprise Business Unit	2,501	42%	2,421	37%	-3.2%
Service Delivery Engine & Wholesale	386	6%	342	5%	-11.4%
Staff & Support	33	1%	35	1%	4.6%
International Carrier Services	892	15%	1,610	24%	80.4%
Inter-segment eliminations	-236	-4%	-172	-3%	-27.2%
Total	**5,990**	**100%**	**6,603**	**100%**	**10.2%**
Non-recurring income	74		436		
Total	**6,065**		**7,040**		**16.1%**

The Belgacom Group ended the year 2010 with a **solid revenue of EUR 6,603 million**, excluding non-recurring income, or an increase of 10.2% compared to 2009. In spite of growing pressure from regulation, the **fourth-quarter revenue of 2010 was up by 9.2%**. The growth trend over 2010 is largely the result of the full consolidation of Belgacom's International Carrier Business Unit (BICS), including the contribution from MTN ICS.

On a **like-for-like basis**, i.e. when consolidating the 2010 revenue from BICS proportionally at 57.6%**, the Belgacom Group revenue is 0.6% or EUR 37 million below the revenue of last year.** This includes the loss of revenue due to regulation, lowering the Belgacom 2010 revenue by EUR 121 million or -2%.

Belgacom's underlying business, i.e. excluding the negative impact resulting from regulation, **grew by 1.4% over the full year.** This is driven by the sound underlying business growth of the Consumer Business Unit and by the organic revenue growth from BICS.

It should be noted that the year-over-year revenue variance of the Business Units as reported in the table above is impacted by the legal entity merger. Revenue generated between former legal entities is no longer included as of 2010, by definition reducing the segment revenue. However, this has no impact on a Group level.

The 2010 Group revenue also includes a **non-recurring income of EUR 436 million**. This results from the acquisition of control of BICS on 1 January 2010, which, in application of the revised IFRS 3, led to the remeasurement of the Group's previously held interest in BICS. In 2009, the contribution by MTN of international carrier assets (mainly its customer base) in exchange of an interest of 20% in BICS resulted in the recognition of a non-recurring income of EUR 74 million.

Operating expenses

	Year ended 31 December		
(EUR million)	**2009**	**2010**	**Variance 2010/2009**
Costs of materials and services related to revenue	2,087	2,642	26.6%
Personnel expenses and pensions	1,108	1,107	-0.1%
Other operating expenses	840	870	3.6%
Total	**4,035**	**4,619**	**14.5%**
Non-recurring expenses	62	-8	-
Total	**4,097**	**4,612**	**12.5%**

[1] Total of net revenue, other operating income and non-recurring income

Cost of Sales[1] trend improved further in fourth quarter, full-year flat on a like-for-like basis
The additional revenue from BICS since the start of the year, at typically lower margins, has significantly increased the Cost of Sales for Belgacom, going up 26.6% to EUR 2,642 million. However, like-for-like, i.e. when **consolidating BICS proportionally at 57.6%, the Cost of Sales was flat compared to last year**. The trend improved significantly over the year, with fourth-quarter Cost of Sales 6.2% lower versus 2009, on a like-for-like basis.
This is mainly the result of the positive effect that some regulatory measures had on the Cost of Sales. Since 1 August 2010, the Mobile Termination Rates to be paid to Mobistar and Base have decreased significantly as foreseen in the new glide path following the decision of the Belgian Regulator. Another positive impact results from adopting a financial collecting model for Premium Rate numbers as of April 2010.[2]

Decrease in headcount lowers 2010 HR expenses[3] by 1.6% on like-for-like basis
For the full-year 2010, Belgacom reports total HR expenses of EUR 1,107 million, including some additional HR cost following the full consolidation of BICS and the contribution of MTN. Adjusted for this, the Group HR expenses were 1.6% lower than the previous year. This includes a **positive evolution in the fourth-quarter HR expenses of 1.1%** compared to the same period last year, in spite of the 2% wage indexation in October 2010.

By year-end, Belgacom's headcount decreased to 16,308 FTEs, which is 496 fewer FTEs compared to one year ago. This is the net result of personnel leaving in the headcount restructuring programs (-571 FTEs, mainly under the 'Tutorship' program, which took full effect in the first quarter) and via natural attrition (-241 FTEs), while headcount was added as a result of acquisitions, the full consolidation of BICS and recruitment for some business-critical positions (+316 FTEs).
In the fourth quarter 2010, the total headcount increased by 94 FTEs mainly as a result of Sahara International Ventures[4] acquiring a majority stake in Sahara Net LLC, which was consolidated in the Belgacom Group as of October 2010.

Number of FTE	End 2009	End 2010	12 months variance
Consumer Business Unit	5,718	5,209	-510
Enterprise Business Unit	5,328	5,263	-65
Service Delivery Engine & Wholesale	3,303	3,377	73
Staff & Support	2,230	2,074	-155
International Carrier Services	225	385	160
Total	**16,804**	**16,308**	**-496**

Full-year non-HR expenses up by 1.1% on like-for-like basis
Belgacom reports a total of 'Other operating expenses' of EUR 870 million. This includes some additional costs following the full consolidation of BICS and the contribution of MTN. On a like-for-like basis, the non-HR expenses were up by 1.1%.

Like-for-like, the fourth-quarter non-HR expenses were flat year-over-year. The company-wide efforts to reduce non-HR expenses were partly offset by additional costs within SDE&W related to the roll-out of the new Mobile Radio Access Network and the Scarlet migration to the Belgacom network. In addition, the fourth quarter of 2009 was positively impacted by a one-off item.

Decrease in liability for termination benefits results in positive non-recurring expense
A review in the fourth quarter 2010 of the assumptions used for estimating the liability for termination benefits has led to a decrease in liabilities of EUR 8 million, recognized via non-recurring expenses.

Operating income before depreciation and amortization (EBITDA)

	Year ended 31 December				
	2009		2010		Variance 2010/2009
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	1,048	54%	1,073	54%	2.4%
Enterprise Business Unit	1,231	63%	1,212	61%	-1.6%
Service Delivery Engine & Wholesale	-64	-3%	-109	-5%	69.8%
Staff & Support	-337	-17%	-320	-16%	4.9%
International Carrier Services	78	4%	129	7%	66.3%
Inter-segment eliminations	0	-0%	-1	-0%	-
Total	**1,955**	**100%**	**1,984**	**100%**	**1.5%**
Non-recurring income	74		436		
Non-recurring expenses	-62		8		
Total	**1,967**		**2,428**		**23.4%**

1 Cost of materials and services related to revenue
2 More information on regulatory impacts on page 12
3 Personnel expenses and pensions
4 Joint venture between Belgacom SA and Panthers Investment BV, the former majority shareholder of Scarlet NV

The Group EBITDA for the full-year 2010, before non-recurring items, came in at EUR 1,984 million, i.e. 1.5% higher than for 2009. **On a like-for-like basis, i.e. adjusted for the full consolidation of BICS and the contribution of MTN, the EBITDA decreased by 1.3%, i.e. equal to the negative impact from regulation for an amount of EUR 26 million**. Excluding the regulation impact, Belgacom maintained its full-year EBITDA flat to last year.

The fourth-quarter EBITDA grew year-over-year by 2.9% on a like-for-like basis, mainly because of the significant drop in Cost of Sales.

The solid EBITDA level of 2010, especially in the fourth quarter, led to a **full-year EBITDA margin of 30%.** This is lower than the previous year as a result of the growing part of BICS in the Group result.
BICS lowered the 2010 Group EBITDA margin in two ways: (1) through the full consolidation and (2) through strong organic growth. As BICS' revenue typically comes at a lower margin, the revenue growth mathematically lowered the Group EBITDA margin.

Excluding the effect of the full consolidation of BICS, the 2010 EBITDA margin is 32.4%, compared to an EBITDA margin of 32.6% in 2009.

Depreciation and amortization[1]

The amount of depreciation and amortization increased from EUR 706 million in 2009 to EUR 809 million for 2010, mainly driven by BICS and SDE&W. The increase for BICS results from the contribution of MTN ICS since November 2009, the full consolidation of BICS, and the recognition of previously unrecognized intangible assets of BICS (trade name and customer base) as a result of the purchase price allocation.
Within SDE&W, the increase in depreciation and amortization results from the shortened useful life of the current Mobile Radio Access Network which is gradually being replaced with Huawei equipment.

Net finance result

The year-over-year variance in the net finance result, going from EUR -117 million in 2009 to EUR -102 million in 2010, resulted mainly from the improvement of the net financial position, lower discounting charges of long-term liabilities and gains on disposal of available-for-sale investments.

Tax expense[2]

The 2010 full-year tax expense amounts to EUR 233 million, whereas this was EUR 241 million in 2009. This brings the 2010 effective tax rate for the Belgacom Group to 15.4%, compared to 21.0% in 2009. The 2010 effective tax rate results from the application of the general principles of Belgian tax law, and includes a positive effect from the non-taxable capital gain of EUR 436 million. **Excluding this non-recurring income, the 2010 effective tax rate is 21.6%**.

Net income (Group Share)

The Group net income increased year-over-year from EUR 904 million in 2009 to EUR 1,266 million in 2010, including non-recurring items.

Capital expenditure (Capex)

	Year ended 31 December				
(EUR million)	**2009**		**2010**		**Variance 2010/2009**
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	89	15%	132	18%	47.8%
Enterprise Business Unit	20	3%	20	3%	1.5%
Service Delivery Engine & Wholesale	422	71%	492	67%	16.6%
Staff & Support	44	7%	62	8%	42.3%
International Carrier Services	22	4%	27	4%	22.0%
Inter-segment eliminations	0	-	0	-	-
Total	**597**	**100%**	**734**	**100%**	**22.8%**

Belgacom invested EUR 734 million, or 11.1% of its Group revenue - including the 2G license renewal
Over the full-year 2010, Belgacom Group invested a total of EUR 734 million, or EUR 137 million more than the previous year. This increase is partly explained by the EUR 74 million related to the renewal of the 2G license for the period 2010-2015, which is included in the capex of SDE&W. Although Belgacom maintains its standpoint that the tacit extension of its 2G license does not require additional payments, the company complied with the payment obligations, with all due reserves[3].
The increase of capex for CBU to EUR 132 million is mainly due to the renewal of content rights for Belgacom TV.

[1] Consolidated income statement on page 29
[2] Consolidated income statement on page 29
[3] See also page 13

Within the fleet domain, Belgacom decided to switch from leasing to buying some of the utility cars, leading to an increase in the 2010 capex.
Furthermore, Belgacom continued the roll-out of its "Move-to-all-IP" project (MaIP), requiring a total investment of EUR 50 million over 2010. The Broadway project, i.e. the further roll-out of fiber-to-the-curb and the installation of VDSL2 required EUR 32 million during 2010, bringing the population coverage to 76%.

Cash flows

	Year ended 31 December	
(EUR million)	**2009**	**2010**
Cash flows from operating activities	1,406	1,666
Capital expenditures	-597	-734
Cash flows from / (used in) other investing activities	-12	48
Cash flow before financing activities or "free cash flow"	**797**	**980**
Cash flows used in financing activities	-1,030	-728
Net increase / (decrease) of cash and cash equivalents	**-233**	**252**

Belgacom ended the year 2010 with a **strong Free Cash Flow of EUR 980 million**, i.e. EUR 183 million higher than for 2009. The positive variance is partly due to the EUR 51 million one-off cash increase resulting from the full consolidation of BICS, whereas the 2009 Free Cash Flow included the payment of a EUR 66 million fine imposed by the Belgian Competition Authority. Moreover, the 2010 Free Cash Flow was positively impacted by lower income tax payments as the legal entity merger resulted in the anticipated use of the Belgacom SA tax losses carried forward, and because of the lower tax pre-payment ratio, creating positive timing differences. Furthermore, Belgacom ended the year 2010 with a higher EBITDA (before non-recurring items). These positive impacts were, however, partly offset by the capex increase by EUR 136 million, including the renewal for 2G-license for EUR 74 million, of which EUR 26 million paid in 2010.

In the last quarter of 2010, Belgacom generated a Free Cash Flow of EUR 131 million. Free Cash Flow of the fourth quarter is typically impacted by the annual interest payments on long-term bonds and traditional higher capital expenditures.

The year 2010 ended with a **cash flow used in financing activities** of EUR 728 million. The decrease compared to the previous year is explained by the reimbursement of a EUR 300 million matured loan in 2009.

Balance sheet and shareholders' equity[1]

Compared to 2009, the **goodwill** increased by EUR 249 million to EUR 2,337 million, mainly as a result of the acquisition of control in BICS and the subsequent purchase price allocation performed by the Group. **Intangible fixed assets and property, plant and equipment** increased by EUR 495 million in 2010 compared to 2009, mainly as a consequence of the purchase price allocation, the remeasurement to fair value of BICS net assets, the move from a proportional to a full consolidation of BICS and the increase of capital expenditure due to, among other things, the 2G license renewal.

The shareholders' equity increased from EUR 2,521 million in 2009 to EUR 3,108 million in 2010, mainly reflecting the fact that net income generated in 2010 (EUR 1,266 million) was higher than the distribution of dividends (EUR 700 million).

During the year 2010, the Group sold 294,304 treasury shares to its senior management for EUR 6 million under discounted share purchase plans at a discount of 16.67% and employees exercised 573,654 share options, for which treasury shares are used.

In 2010, the Group granted 1,023,210 new share options to its key management and senior management with an exercise price of EUR 26.445.

Belgacom continues to have a sound financial position. The **net financial debt** decreased by EUR 265 million in 2010 to EUR 1,451 million. The outstanding gross financial debt amounted to EUR 2.1 billion (nominal value) at the same date, most of it maturing in 2011 and 2016.

On 31 January 2011, Belgacom issued a seven year senior unsubordinated bond of EUR 500 million with a fixed rate coupon at 3.875%, maturing on 7 February 2018 under its Euro Medium Term Note program. The purpose of this transaction is to pre-finance the maturing bonds of November 2011.

[1] See page 30 for consolidated balance sheet

Performance versus guidance 2010

Metrics	Outlook 2010[1]	Reported 2010[1]
Group revenue	Growth in upper-end of range "9% - 10%"	**10.2%**
Group EBITDA margin	Targeting a margin of 30%	**30.0%**
Capex/Revenue[2]	Around 10%[2]	**10.0%**
Dividend per share	€ 2.18 (i.e. interim dividend of € 0.50 and normal dividend of € 1.68)	**€ 2.18**

[1] Before non-recurring items
[2] Excluding capex for 2G-license renewal

Attractive shareholder remuneration

Belgacom confirms its commitment to an attractive shareholder remuneration policy, which is based on returning, in principle, most of its annual free cash flow[1] to its shareholders.

On 24 February 2011, the Belgacom Board of Directors approved Belgacom management's proposal as follows:

To propose to the annual shareholders meeting to return to Belgacom's shareholders a total dividend of EUR 2.18 gross per share, representing a total amount of EUR 701 million. This includes the interim dividend of EUR 0.50 gross per share or EUR 161 million in total, paid in December 2010.

Relevant dates related to the upcoming normal dividend of EUR 1.68 per share:

- Ex-dividend date: 26 April 2011
- Record date: 28 April 2011
- Payment date: 29 April 2011

In addition, the Board of Directors approved a share buyback for a maximum amount of EUR 200 million, to be carried out during 2011 - 2012 and this within the limits as approved by the General Assembly of 8 April 2009. Therefore, the share price cannot be more than 5% above the highest and 10% below the lowest closing price in the thirty-day trading period preceding the transaction.

Furthermore, Belgacom expects to return from the result 2011 a total dividend of EUR 2.18 gross per share.

Outlook 2011

In 2011 Belgacom's results will feel further pressure from regulatory measures. For the full-year, the negative impact on revenue is estimated to be about EUR 115 million, while on EBITDA-level the negative impact is estimated to be less than EUR 30 million.

As a result, Belgacom estimates its 2011 Group revenue to show a year-over-year decline of up to 1%, and its full-year EBITDA to decline up to 2% compared to last year.
Belgacom will invest in the further development of its fixed and mobile access network, and therefore expects its 2011 full-year capex-to-sales ratio to be in the upper-end of the range 10%-12%.

[1] Free cash flow is defined as cash flow generated by operating activities, minus capital expenditures and including other investing activities such as acquisitions or divestments

Regulatory and legal update

Regulation impacts (EUR million)		FY 2010 *Estimated impact*	FY 2010 Actual impact	FY 2011 Estimated Impact
MTR & flow-through Fix-to-Mob	Revenue	*About €40m*	€39m	~ €80m
	EBITDA	*Less than €5m*	€3m	< €15m
Roaming	Revenue	*About €25m*	€24m	~ €10m
	EBITDA	*Slightly below €25m*	€22m	~ €10m
Collecting model for Premium Rate Services	Revenue	*About €50m*	€56m	~ €20m
	EBITDA	*Neutral*	-	Neutral
Other (a.o. new LLU & bitstream prices)	Revenue			~ €5m
	EBITDA			~ €5m
Total	**Revenue**	***About €115m***	**€121m**	**~ €115m**
	Ebitda	***Less than €30m***	**€26m**	**< €30m**

Asymmetry Mobile Termination Rates closing, limiting impact on Belgacom EBITDA
On 29 June 2010, the Belgian regulator (BIPT) adopted its final decision on the 2010-2013 MTR glide path. Gradual MTR decreases are foreseen until 2013 for all operators. The first decrease occurred on 1 August 2010 and the second one on 1 January 2011 for all three mobile operators in Belgium. At the same time, the BIPT reduced the existing MTR asymmetry, which is why the decrease for the other two mobile players was greater than for Proximus. This brings the Belgian regulation more in line with the European context. Fully symmetric tariffs will be reached in 2013.
Any decrease in MTRs is reflected in Belgacom's fixed-to-mobile retail tariffs. Accordingly, Belgacom lowered its fixed-to-mobile tariffs on 1 August 2010 and on 1 January 2011.

MTR glide path	**Before***	**01-Aug-10***	**01-Jan-11***	**01-Jan-12**	**01-Jan-13**
In euro cent (excluding VAT)					
Proximus	*7.2*	4.62	3.94	2.46	1.08
Mobistar	*9.02*	5.05	4.29	2.62	1.08
Base	*11.43*	5.81	4.90	2.92	1.08
% change					
Proximus		-36%	-15%	-38%	-56%
Mobistar		-44%	-15%	-39%	-59%
Base		-49%	-16%	-40%	-63%
Asymmetry					
Mobistar-Prox	*25%*	9%	9%	7%	0%
Base-Prox	*59%*	26%	24%	19%	0%

* *Including inflation*

On 14 July 2010, Mobistar and KPN Group each filed a separate appeal against the BIPT decision of 29 June before the Brussels Appeal Court, both asking the Court to suspend and annul the decision (especially regarding their own MTR tariffs). Belgacom intervened in these appeals to protect its interests. On 15 February 2011, the Court took its decision in the suspensions procedure, rejecting all the claims of Mobistar and KPN Group. The annulment procedure, however, is still ongoing.
Over the full-year 2010, the lower MTR reduced Belgacom's revenue by EUR 39 million, whereas the impact on the EBITDA level was limited to EUR 3 million. These impacts include both the direct effect from lower MTRs and the flow-through to Fixed-to-Mobile tariffs. The first half of 2011 will experience a double impact, following the MTR cut of 1 August 2010 and 1 January 2011. For the full-year 2011, the total revenue impact is estimated at about EUR 80 million, while the EBITDA impact should be less than EUR 15 million.

Lower Voice Roaming rates impacting revenue and EBITDA
In application of the updated regulation on voice roaming that entered into force in July 2009, the voice roaming rates decreased on 1 July 2010. 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 went down from EUR 1 per Mb to 80 euro cents per Mb.
For 2010, the negative impact on revenue from lower Voice and SMS roaming rates was EUR 24 million, while the EBITDA decreased by EUR 22 million. For 2011, the impact is estimated at about EUR 10 million.

EU roaming regulation	**Before**	**01-Jul-10**	**01-Jul-11**
Voice roaming rates (euro cent per minute)			
Retail Outgoing	*43*	39	35
Retail Incoming	*19*	15	11
Wholesale	*26*	22	18
Data roaming rates (euro cent per Mb)			
Wholesale	*100*	80	50

In addition, measures aimed at preventing "bill shocks" for Mobile data roaming were also implemented and are affecting Mobile data revenue. As of 1 July 2010, all customers are by default on a maximum financial limit of EUR 49.85 (excl. VAT) per month for data roaming, unless they have opted out.

Financial collecting model for Premium Rate Services lowers revenue, but neutral on EBITDA level
On 1 April 2010, Belgacom adopted, where appropriate, a financial collecting model for part of its Premium Rate Services in which Belgacom collects from customers on behalf of a third-party content provider. This was in consequence of the final circulars 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. Over the full-year 2010, the financial collecting model has reduced the Group revenue by EUR 56 million, without impacting the Group EBITDA. For 2011, the first-quarter revenue will still see some impact, estimated at about EUR 20 million, while this will have no impact on EBITDA level.

New LLU and bitstream prices – impact Group results remains low

On 3 August 2010, the BIPT decreased by around 20% the monthly price for full unbundling (from EUR 9.29 to EUR 7.57) while keeping the price for shared access stable (from EUR 0.85 to EUR 0.87). The new price for full unbundling is at the low EU end. Belgacom disagrees with certain aspects of the BIPT pricing methodology and has decided to lodge an annulment procedure against the decision.

Early August 2010, the BIPT also set new monthly prices for ATM Bitstream (from EUR 14.31 to EUR 12.51) and took its final decisions on Ethernet Bitstream (EUR 11.27) and on VDSL2 Bitstream (EUR 13.85). For VDSL2, the BIPT applies a 15% mark-up on the fiber investments for the additional related business risks. The impact on revenues, however, is low due to current low volumes.

Renewal 2G license – Complying with payment obligations; annulment procedure filed

A law amendment published on 25 March 2010 requires mobile operators to pay for the tacit extension of 2G licenses. The amount of EUR 74 million for Belgacom corresponds to the original 2G license fees proportionate to the spectrum quantity and duration. Belgacom has opted for annual payments**.** The first payment, for about EUR 12 million, was made in April 2010 and the second payment for about EUR 16.7 million, was made in December 2010 for the year 2011. The final conditions for the renewal of the 2G licenses were published in the Official Journal on 25 January 2011. The Royal Decrees align the end of the GSM and DCS 1800 licenses on the UMTS calendar in two steps: (i) the license is extended for an initial period of 5 years, i.e. until 2015 for Proximus and Mobistar, followed by (ii) a “tacit extension” until 2021.

Belgacom maintains its standpoint that the tacit extension of its 2G license (as confirmed by a decision of the Court of Appeal of 20 July 2009) does not imply payment. Therefore, on 18 August 2010, Belgacom filed an annulment procedure before the Constitutional Court against the Law of 25 March 2010. The two other mobile operators have decided to lodge an annulment procedure too. Besides this annulment procedure, Belgacom initiated, on 7 October 2010, an action against the Belgian State and the BIPT before the Civil Court to ensure the possibility of recovering the undue license fees. In the meantime, Belgacom will comply with the payment obligations with all due reserve.

The BIPT intends to auction a fourth 3G (UMTS license) and 4G licenses (2.6 GHz) in the course of 2011. The final conditions were published on 25 January 2011. According to the indicative schedule of the BIPT, the 3G license would be auctioned in June 2011 and the 4G licenses as of mid-October 2011.

On-net case: damage claim by Base/Mobistar - Belgacom introduced motion in respect of expert panel following Second Preliminary Report

On 10 December 2010, the panel of two experts, appointed in 2007 by the Brussels Commercial court in the context of a proceeding between Belgacom (initially Belgacom Mobile), KPN Group Belgium (initially Base) and Mobistar, filed a second preliminary report. Still pursuing the same principles reflected in the first preliminary report, and thus, in particular based on the same unprecedented and prospective method, this second report states that it could be considered that the alleged impact on Mobistar and Base of the Proximus on-net tariffs during the years 1999-2004 amounts to EUR 1,840 million.

The panel considered that due to the alleged competition law infringements KPN Group Belgium and Mobistar underperformed as compared to the results and market shares that they would have achieved in an efficient market (starting from the assumption that in a perfectly competitive market, market shares are symmetrical). For its benchmark of an efficient market, the panel referred to the UK during the period 1999-2004. Moreover this second report introduces certain new elements that Belgacom finds to be highly contestable (in particular, those new elements leading to an increase of the alleged amount of damages as compared to the first preliminary report, a.o. the introduction of a constant profitability benchmark for the whole period based on the UK market for the period 1999-2004, during which the UK operators were in a different phase of development as compared to those on the Belgian market). Belgacom strongly disagrees to the reasoning and conclusions of the expert panel.

Following a thorough analysis, Belgacom noted moreover that in the second preliminary report the vast majority of the observations and criticisms that it expressed on the first preliminary report remain unanswered and that moreover Belgacom’s own expert reports related to the different elements to be assessed by the panel of experts, being the questions of network effect of the on-net tariffs, of the existence of price squeeze, of their respective anti-competitive effects and of the respective damages that these practices would allegedly have caused, were largely disregarded.

For this and a number of other reasons, Belgacom decided to introduce a motion with the court in respect of the expert panel, requesting their recusal/replacement. This motion is to be dealt with by the court in the near future.

It is to be understood that it will always be upon the court (i) to decide whether anti-competitive practices have been committed that infringe the competition rules, (ii) to determine whether Belgacom is liable for such practices and (iii) to decide upon the amount of the possible damages to be paid, after having assessed the advice of the Expert panel and the parties’ defense arguments.

Indeed, this matter does not only involve a debate on the possible damages that would have been caused, but first the existence of the alleged anti-competitive practices is to be demonstrated. If a final report should still be required, Belgacom considers that the experts will need to take the observations and criticisms of Belgacom into account.

Consumer Business Unit - CBU

- **Like-for-like, full-year revenues stable in spite of EUR -60 million regulation impact**
- **2010 EBITDA +1.1% like-for-like; solid contribution margin at 45.3%**
- **Growth in TV, Data and Tango drives underlying business results**
- **Continued success of convergent offers: 870,000 multi-play Packs sold end 2010**

P&L Consumer Business Unit

	Year ended 31 December		
(EUR million)	**2009**	**2010**	**Variance 2010/2009**
TOTAL SEGMENT INCOME	**2,414**	**2,368**	**-1.9%**
Costs of materials and services related to revenue	-723	-678	-6.2%
Personnel expenses and pensions	-345	-325	-5.8%
Other operating expenses	-297	-291	-2.3%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,366**	**-1,295**	**-5.2%**
TOTAL SEGMENT RESULT (1)	**1,048**	**1,073**	**2.4%**
Segment contribution margin	*43.4%*	*45.3%*	
Non-recurring expenses	-7	1	-
OPERATING INCOME before depreciation & amortization	**1,041**	**1,074**	**3.1%**
Depreciation and amortization	-144	-153	6.4%
OPERATING INCOME	**897**	**920**	**2.6%**

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

✓ *CBU quarterly financial and operational results: page 25*

CBU full-year revenues flat on a like-for-like basis

For the fourth consecutive quarter, CBU reported sound financial results with a growing underlying business. **CBU ended the year 2010 with a total revenue of EUR 2,368 million or a year-over-year decline of 1.9%.** As a result of the legal entity merger in 2010, revenues no longer include intercompany traffic. On a like-for-like basis, i.e. **adjusting 2009 revenues for the eliminated intercompany flows, full-year revenues remained flat** while absorbing a negative regulation impact of EUR 60 million (-2.6%). Over the quarters, regulation pressure on revenues increased with the fourth quarter being negatively impacted by EUR 23 million.
When excluding regulation, CBU's **underlying business for the year 2010 grew 2.6%**, with fourth-quarter revenues growing 2.7% year-over-year. Growth was driven by increasing data revenues, the continued success of Belgacom TV and a growing mobile business in Luxembourg (Tango).

	Year ended 31 December			
(EUR million)	**2009**	**2010**	**Variance 2010/2009**	**Variance % 2010/2009**
Revenues	**2,414**	**2,368**	**-47**	**-1.9%**
From Fixed	**1,163**	**1,139**	**-24**	**-2.0%**
Voice	561	506	-55	-9.8%
Data	323	337	14	4.4%
TV	134	182	48	35.9%
Terminals (excl. TV)	51	31	-20	-39.3%
Scarlet	95	84	-11	-11.4%
From Mobile	**1,161**	**1,142**	**-20**	**-1.7%**
Voice	704	653	-50	-7.2%
Data	303	322	20	6.5%
Terminals	62	68	6	9.2%
Tango	93	99	6	6.1%
Other	**90**	**87**	**-3**	**-3.6%**

Fixed voice revenue impacted by regulation and line loss
Full-year fixed voice revenue of EUR 506 million declined 9.8% year-over-year, with fourth-quarter revenues down 9.6%. The main drivers remain the line loss, the recurring discounts on Packs and regulatory measures.
In 2010, CBU line loss was contained to -129,000 lines compared to -138,000 a year earlier. In the last three months of 2010, line loss amounted to -36,000, or a slight acceleration compared to previous quarters, driven by competition. End 2010, CBU counted 1,933,000 fixed line customers, including Scarlet VoIP customers. In addition, fixed voice revenue was impacted by some regulatory measures. In April 2010, a financial collection model for Premium Rate Services was implemented and as from August 2010 the Fixed-to-Mobile tariffs were lowered following the cut in Mobile Termination Rates. Furthermore, the recurring discounts on bundled offers (Packs) continued to pressure revenue. These negative impacts fully offset the slight positive effect from the August price increases on some subscriptions and tariffs. As a consequence, the full-year ARPU of EUR 20.7 declined 4.4% year-over-year. Fourth-quarter ARPU amounted to EUR 20.9, or slightly higher than previous quarters due to some seasonality effect.

Full-year Fixed Internet revenues +4.4%; customer growth impacted by increased competitive landscape
CBU ended the year with internet revenues of EUR 337 million, up 4.4% year-over-year. This includes fourth-quarter revenues of EUR 83 million, which slightly declined versus last year (-0.6%), mainly driven by lower one-time revenues from activations. This fully offset the positive impact of the new revamped offer including higher speeds and more volumes at a slightly higher price. Over the year, CBU added 38,000 new internet customers, of which 6,000 in the last three months of 2010. Since the second half of 2010, competition over the internet customers has become fiercer. In addition, fourth-quarter customer growth was slightly impacted by a small loss of Scarlet broadband customers. CBU ended the year with a total customer base of 1,113,000 customers.
Fourth-quarter ARPU amounted to EUR 27.6 and remained impacted by the recurring discount on Packs from which more and more customers benefit.

Belgacom TV confirming its growth path: full-year revenues +36% and customer base +30%
Belgacom TV continued its growth path in the fourth quarter of 2010 with revenues growing 23.1% year-over-year to EUR 49 million. Full-year revenues grew almost 36% to EUR 182 million, fully driven by the customer growth which was up 30%. In 2010, CBU added 223,000 new customers (including second stream users), of which 55,000 in the fourth quarter, driven by the continued success of the bundled offers, in particular the Pack including Free TV. CBU ended the year with 975,000 subscribers, including 135,000 second stream users.
End-year ARPU of EUR 19.7 was 3.7% lower than the year before, as 2009 was positively influenced by higher activation and installation revenues related to the high number of net adds. Fourth-quarter ARPU amounted to EUR 19.7 and was slightly higher than the two previous quarters because of some seasonality effect.

Scarlet revenue impacted by migration of customers to Belgacom
The migration of Scarlet B2B and wholesale customers to Belgacom started at the end of 2009. In the first three quarters of 2010, the year-over-year revenue variance for CBU was impacted by this migration, though this positively impacted the year-over-year revenue variance of EBU and SDE&W. As from the fourth quarter, this year-over-year impact is fading, leading to a slight revenue increase of 0.6%.

Full-year mobile voice revenue -3.3% like-for-like; excluding regulation, revenues slightly increased year-over-year
Until 2009, the CBU mobile voice revenues included fixed-to-mobile intercompany traffic. At the start of 2010, these intercompany flows disappeared as a result of the legal entity merger.
For the full-year 2010, CBU generated EUR 653 million revenues from mobile voice, or a year-over-year decline of 3.3% on an adjusted basis fully due to regulatory measures. In 2010, revenues from Premium Rate Services largely disappeared following the move towards a financial collecting model. The Roaming tariffs were lowered as from July, and in August the Mobile Termination Rates were cut. When correcting for regulation, the underlying mobile voice revenue trend was positive. This is also visible in the MoU trend, increasing 3.1% on a comparable basis from 102.1 end of 2009 to 106.1 end of 2010.
CBU is increasingly concentrating on growing its postpaid customer base. In 2010, marketing campaigns focused on pushing Packs that include a mobile subscription. Over the year, CBU added 74,000 postpaid customers, leading to an increase in its postpaid ratio from 40% end of 2009 to 42.6% end of 2010. In the last quarter of 2010, CBU added 31,000 postpaid customers, i.e. the highest number of the year, but lost 30,000 prepaid and 5,000 Mobisud customers. At the end of the year, the total customer base amounted to 3,769,000 or 54,000 fewer customers than one year ago.
Full-year ARPU amounted to EUR 14.8, or a like-for-like decline of 2.6%, fully driven by regulatory measures.

Full-year mobile data revenue +6.5%, impacted by regulation
As from 2010, the allocation of credits and discounts to SMS and advanced data has been fine-tuned. This has resulted in a shift of credits and discounts from SMS to advanced data, impacting the year-over-year variance.
Full-year mobile data revenues increased 6.5% to EUR 322 million despite the implementation of the collecting model. Excluding this impact, underlying mobile data revenues grew 12.3%.
On an adjusted basis, **SMS revenue grew 11%** year-over-year driven by the continued success of pricing plans with free SMS. Total SMS volumes were up 25.5% year-over-year to 221.6 SMS per customer per month. The 2010 fourth-quarter SMS volumes showed a strong increase compared to previous quarters due to some seasonality effect.

On an adjusted basis, advanced data for the full year declined 9.4%, including a decline of 15.4% for the last quarter of 2010. When correcting for the Premium Rate Service revenues that are no longer included, **advanced data full-year revenues were up 11.6%, with an increase of 12.8% in the fourth quarter.** This mainly results from the success of mobile data solutions. ARPU for the last three months of 2010 was EUR 7.5, or higher than previous quarters mainly due to some seasonality effect and higher inbound revenues as a result of the reply effect on outbound free SMS.

	Year ended 31 December		
(EUR million)	**2009 Adjusted***	**2010**	**Variance % 2010/2009**
Mobile DATA revenue	**302**	**322**	**6.5%**
Data - SMS	235	261	11.0%
Advanced data	67	61	-9.4%

**2009 adjusted for the reallocation of credits & discounts*

CBU operating expenses

Full-year costs of sales -1.4% like-for-like, positively impacted by regulation and product profitability initiatives
In 2010, full-year cost of sales on a like-for-like basis was down 1.4% compared to 2009. Building on the trend of the third quarter 2010, cost of sales of the fourth quarter further improved with costs down 12.9% on a comparable basis. This includes a positive effect from the lower MTRs and from the financial collecting model. When excluding these regulatory measures, CBU cost of sales were still lower than the same period last year, partly explained by some one-time positive impacts and as a result of product profitability initiatives implemented during the year.

Personnel expenses benefitting from the ongoing restructuring programs
CBU ends the year 2010 with 510 fewer FTEs. This results from the ongoing Belgacom headcount reduction program, the Scarlet restructuring program and natural attrition; partly offset by the additional headcount following the acquisition of Sahara Net. Consequently, HR costs for the year 2010 were 5.8% lower than the year before.
Fourth quarter CBU personnel costs were down 6.2% year-over-year. The decrease in headcount fully offsets the negative impact from the wage indexation as from October 2010.

Full-year non-HR costs down, driven by continued cost focus
On a full-year basis, CBU reported EUR 291 million non-HR costs, or a year-over-year decline of 2.3% as a result of the ongoing cost control, offsetting additional costs following the Scarlet migration. Fourth-quarter 2010 non-HR costs slightly increased 1.8% year-over-year driven by some additional costs generated in the framework of the Customer Centricity program.

CBU full-year segment result +1.1% to EUR 1,073 million; contribution margin of 45.3%

On a comparable basis, the full-year segment result increased 1.1% to EUR 1,073 million, while still absorbing a negative regulation impact of EUR 19 million. The full-year margin of 45.3% rose slightly by 0.5ppt on a comparable basis.
For the last quarter of 2010, CBU reported a segment result of EUR 266 million, or, on a comparable basis, 6.5% higher than last year. This includes a negative impact from regulation of about EUR 5 million. The contribution margin on a like-for-like basis was 44.3% compared to 41.2% in 2009.

Tango

	Year ended 31 December			
	2009	**2010**	**Variance 2010/2009**	**Variance % 2010/2009**
Revenue[1] (in EUR mio)	93	99	6	6.1%
Total active mobile customers (in '000)	259	260	1	0.3%
Blended mobile net ARPU (EUR/month)	23.9	26.0	2.1	8.7%

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

Tango ended the year with EUR 99 million revenues, or a year-over-year increase of 6.1%. Growth is mainly driven by the successful launch of the iPhone4, the strong sales of smartphones and the migration of customers from prepaid to postpaid, resulting in an increase in ARPU of EUR 2.1 or +8.7%, going from EUR 23.9 end of 2009 to EUR 26 end of 2010.

CBU operating result

OPERATIONALS	Year ended 31 December			
	2009	2010	Variance 2010/2009	Variance % 2010/2009
FROM FIXED				
Number of access channels (thousands)	3,102	3,046	-57	-1.8%
Voice (PSTN/ISDN)	1,968	1,845	-123	-6.2%
IP	60	88	28	47.7%
ADSL, VDSL	1,075	1,113	38	3.5%
Traffic (millions of minutes)	4,594	4,374	-220	-4.8%
National	3,781	3,599	-182	-4.8%
Fixed to Mobile	423	404	-19	-4.4%
International	390	371	-19	-4.9%
TV (thousands)	752	975	223	29.6%
TV - households	652	839	187	28.7%
Of which TV-second stream users	100	135	36	35.6%
ARPU (EUR)				
ARPU Voice	21.7	20.7	-1.0	-4.4%
ARPU broadband	28.7	28.2	-0.5	-1.7%
ARPU Belgacom TV	20.4	19.7	-0.7	-3.7%
FROM MOBILE				
Number of active customers (thousands)	3,824	3,769	-54	-1.4%
Prepaid	2,199	2,123	-75	-3.4%
Postpaid	1,530	1,604	74	4.9%
MVNO	95	42	-53	-55.8%
Annualized churn rate (blended - variance in p.p.)	20.7%	21.4%		
Net ARPU (EUR)				
Prepaid	14.2	14.8	0.6	4.5%
Postpaid	35.7	32.2	-3.5	-9.9%
Blended	22.5	21.9	-0.5	-2.4%
Blended voice	15.7	14.8	-0.9	-6.0%
Blended data	6.7	7.1	0.4	6.0%
UoU (units)	286.0	326.5	40.5	14.2%
MoU (min)	110.5	106.1	-4.4	-4.0%
Normalized MoU (min)	95.6	88.7	-6.9	-7.2%
SMS (units)	176.5	221.6	45.1	25.5%
Normalized SMS (units)	73.4	90.6	17.2	23.4%

Enterprise Business Unit - EBU

- **Crisis impact stabilized in 2010**
- **2010 revenue decline limited to 2.1%, on like-for-like basis**
- **Regulation impact of EUR -39 million on revenue, but only EUR -3 million on EBITDA**
- **Solid contribution margin of 50%**

P&L Enterprise Business Unit

	Year ended 31 December		
(EUR million)	**2009**	**2010**	**Variance 2010/2009**
TOTAL SEGMENT INCOME	**2,501**	**2,421**	**-3.2%**
Costs of materials and services related to revenue	-748	-685	-8.4%
Personnel expenses and pensions	-379	-375	-1.1%
Other operating expenses	-142	-149	5.0%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,270**	**-1,210**	**-4.7%**
TOTAL SEGMENT RESULT (1)	**1,231**	**1,212**	**-1.6%**
Segment contribution margin	*49.2%*	*50.0%*	
Non-recurring expenses	-56	0	-
OPERATING INCOME before depreciation & amortization	**1,176**	**1,212**	**3.1%**
Depreciation and amortization	-27	-19	-27.9%
OPERATING INCOME	**1,149**	**1,192**	**3.8%**

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

✓ *EBU quarterly financial and operational results: page 26*

Full-year revenue 2.1% lower on like-for-like basis

EBU ended the year 2010 with **EUR 2,421 million of revenue**, or a year-over-year decline of 3.2%. The lower revenue is partly explained by the absence of intercompany revenue since the start of 2010 due to the legal entity merger. Like-for-like, i.e. when adjusting 2009 numbers for the intercompany revenue, the **full-year revenue decline was limited to 2.1%**, an improvement over last year in which EBU lost 4.2% organic revenue due to the economic crisis.
The 2010 revenue was negatively impacted by regulation for an amount of EUR 39 million, or -1.6%. This includes the impact from lower Mobile Termination Rates since 1 August 2010, the flow-through to Fixed-to-Mobile rates, lower Roaming rates for Voice and Data and the move to a financial collecting model for Premium rate services. When excluding regulation impacts, the **underlying business of EBU was slightly down by 0.5% compared to 2009**.

While EBU's year-over-year revenue variance improved over the first three quarters of 2010, the **fourth-quarter revenue of EUR 606 million was down 3.2% compared to the same period of last year, on a like-for-like basis**. This is partly explained by the increased revenue pressure from regulation, i.e. EUR -15 million in the last quarter. In addition, ICT revenues showed a positive year-over-year growth trend over the first nine months, while for the fourth quarter, ICT revenue was fairly flat compared to the same period of last year, which already showed recovery from the crisis.

	Year ended 31 December			
(EUR million)	**2009**	**2010**	**Variance 2010/2009**	**Variance % 2010/2009**
Revenues	**2,501**	**2,421**	**-79**	**-3.2%**
From Fixed	**1,719**	**1,697**	**-23**	**-1.3%**
Voice	574	539	-35	-6.1%
Data	401	392	-9	-2.3%
Terminals (excl. TV)	74	74	-1	-0.8%
ICT	670	692	22	3.3%
From Mobile	**759**	**702**	**-57**	**-7.5%**
Voice	560	502	-58	-10.3%
Data	184	185	0	0.1%
Terminals	15	15	0	2.5%
Other	**22**	**22**	**0**	**1.0%**

Fixed Voice line erosion contained; revenue impacted by lower fixed-to-mobile tariffs

Over 2010, EBU generated EUR 539 million of Fixed Voice revenue, or a decrease of 6.1% compared to 2009. This is partly due to the lower Fixed-to-Mobile rates as a consequence of the new MTR glide path, and the impact of the financial collecting model for Premium Rate Services. The revenue loss due to regulation increased over the two last quarters of 2010.

The remaining decline in revenue results from the line erosion, which was contained to a loss of 51,000 lines, whereas this was 53,000 for the previous year. This line loss, and the lower usage per line, affected the traffic volumes, decreasing over 2010 by 5.7%.

The lowering of Fixed-to-Mobile rates on 1 August 2010 fully offset the positive impact from the Fixed Line price indexation on that same date, driving the fourth-quarter revenue variance versus last year down to -7% and the Fixed Voice ARPU to EUR 29.7.

Stable Broadband customer base in saturated, competitive market

With a total of EUR 392 million, the total revenue from Fixed Data products and services was 2.3% lower than for 2009. Besides revenue from Fixed Internet, this includes Connectivity revenue for which the migration from older technologies (Leased Lines, Frame Relay, ATM) to the new and more advantageous "Explore" platform (connectivity and managed services) continues.

In a saturated and highly competitive Fixed Internet market, EBU kept its broadband customer base fairly stable at 445,000. The Broadband ARPU for the full year was EUR 39.1, down 2.2%, mainly as a result of an increasing number of self-employed and SME customers signing up for advantageous converged Packs launched in the CBU segment.

ICT full-year revenue up by 3.3%; fourth quarter flat to last year

EBU generated a total of EUR 692 million ICT revenue, i.e. a 3.3% increase compared to last year, with especially strong results from Telindus International.

In 2009, EBU saw its ICT revenue hit by the economic crisis, with larger IT projects being delayed or spread in time. As of the fourth quarter 2009, the trend turned with a significant step-up in revenue. Over the first three quarters of 2010, ICT showed an increasing year-over-year growth due to the weaker 2009 revenue. In the last quarter of 2010, the ICT revenue of EUR 179 million was flat compared to the same period last year.

As from September 2010, Belgacom Bridging ICT also contributes to the overall ICT revenue.

Mobile Voice revenue impacted by regulation; usage further improving

The turnover from Mobile Voice used to include intercompany revenue, which was mainly linked to inbound revenue (Fixed-to-Mobile). The intercompany flows, however, disappeared with the merger of the legal entities at the start of 2010.

For the full-year 2010, EBU reports EUR 502 million of Mobile Voice revenue. This is EUR 27 million or 5% less than for 2009, on a like-for-like basis. Most of the decline is the result of regulatory[1] measures, of which the negative impact intensified over the quarters. Consequently, the fourth-quarter revenue decline of 6.3%, on a like-for-like basis, is largely due to regulation. Furthermore, EBU customers increasingly opt for advantageous Mobile Rate plans, allowing free calling. As a result, the Mobile Voice ARPU also further declined in the fourth quarter to EUR 30.9.

The level of MoU, however, showed some improvement, with the fourth-quarter MoU of 327.3 being slightly up compared to the same period last year, on a like-for-like basis.

EBU ended the year 2010 with 1,303,000 mobile customers, gaining 75,000 mobile customers[2] in 2010, of which 17,000 in the last quarter. This is lower than the level of net additions in 2009, mainly as a result of the customer acquisition strategy adopted in the SME segment, focusing more on high-value customers.

SMS revenue growth continued, while Advanced mobile data feels impact from EU regulation

The year-over-year variance of Mobile Data was impacted by intercompany traffic which is no longer included in the segment results since the start of 2010. On a like-for-like basis, the full-year Mobile data revenue increased by 2.8% to EUR 185 million.

As from 2010, the allocation of credits and discounts to SMS and Advance data has been fine-tuned. This resulted in a shift of Credits and Discounts from SMS to Advanced Data, impacting the year-over-year variances.

Adjusting for these impacts, the **2010 SMS revenue increased by 4% to EUR 76 million, including a negative impact in the first half of 2010 from the** lowered SMS roaming tariffs on 1 July 2009. The fourth-quarter revenue was strong with a year-over-year growth of 8.1%, driven by a growing volume to 85.5 SMS.

EBU's Advanced Data[3] revenue grew by 2% to EUR 109 million, including a limited impact from the financial collecting model for Premium Rate Services as of 1 April 2010. Advanced data saw its revenue growth trend being impacted by the EU regulation on Data roaming to prevent 'bill shocks'. As of 1 July 2010, all customers are by default on a maximum

[1] Lower MTR and Roaming rates, and the collecting model for premium rate services since 1 April 2010

[2] Does not include the 8,000 internal mobile cards that have been cancelled in the first quarter of 2010 following the legal entity merger

[3] Non-SMS mobile data

financial limit of EUR 49.85 (excl. VAT) per month for data roaming, unless they have opted out. This is also visible in the fourth-quarter results, with Advanced Data revenue 5.8% lower than for the same period last year.

	Year ended 31 December		
(EUR million)	2009 Adjusted*	2010	Variance % 2010/2009
Mobile DATA revenue	**180**	**185**	**2.8%**
Data - SMS	73	76	4.0%
Advanced data	107	109	2.0%

**2009 adjusted for the reallocation of credits & discounts and the eliminated intercompany revenue*

EBU operating expenses

Costs of sales[1] positively impacted by regulatory measures

EBU reports a cost of sales for the full-year 2010 of EUR 685 million, which is 1.6% lower than the previous year, when adjusting 2009 for intercompany items. The year-over-year decrease results from the positive effect on Cost of Sales from regulatory measures, i.e. from the lower MTR's since 1 August 2010 and the financial collecting model for Premium Rate Services.

The positive effect is in particular showing in the fourth quarter 2010, with Cost of Sales of EUR 164 million being down 8.6% year-over-year, on a like-for-like basis.

EBU HR costs benefitting from ongoing restructuring program

In 2010, the total EBU headcount decreased by 65 FTEs, leading to a total of 5,263 FTEs by year-end. This also includes the additional headcount following the creation of the new company 'Bridging ICT'.

The lower headcount positively impacted the HR expenses, decreasing by 1.1% to EUR 375 million.

In the last quarter 2010, EBU's HR expenses of EUR 95 million were 1.2% lower than for the same period last year, in spite of the salary indexation on 1 October 2010.

Non-HR expenses increased, despite continued focus on cost reduction

Even though the focus on reducing expenses continued, EBU's full-year non-HR expenses rose by 5% to EUR 149 million. In the fourth quarter 2010, the non-HR expenses of EUR 40 million were EUR 11 million higher than for the same period of last year. This is partly explained by a positive one-time effect in 2009.

EBU segment result and contribution margin

Over the full year, EBU reports a segment result of EUR 1,212 million, or 1.6% below the previous year. On a like-for-like basis, i.e. when excluding intercompany items from 2009, the 2010 segment result was 3.6% lower year-over-year. This includes a limited impact from regulation, lowering the segment result by EUR 3 million.

The fourth-quarter segment result of EUR 306 million is 4.3% below the same period last year, on a like-for-like basis.

The 2010 contribution margin of EBU stands at 50.0%, compared to 50.8% for 2009, on a like-for-like basis.

[1] Cost of materials and services related to revenue

EBU operating result

OPERATIONALS	Year ended 31 December			
	2009	2010	Variance 2010/2009	Variance % 2010/2009
FROM FIXED				
Number of access channels (thousands)	1,937	1,886	-51	-2.6%
Voice (PSTN/ISDN)	1,479	1,428	-52	-3.5%
IP	12	13	1	8.0%
ADSL, VDSL	446	445	0	-0.1%
Traffic (millions of minutes)	3,336	3,145	-191	-5.7%
National	2,278	2,123	-155	-6.8%
Fixed to Mobile	672	660	-12	-1.8%
International	386	362	-24	-6.2%
ARPU (EUR)				
ARPU Voice	30.8	30.0	-0.8	-2.7%
ARPU Broadband	39.9	39.1	-0.9	-2.2%
FROM MOBILE				
Number of active customers (thousands)	1,235	1,303	68	5.5%
Post-paid	1,235	1,303	68	5.5%
Annualized churn rate (blended - variance in p.p.)	10.2%	10.6%		
Net ARPU (EUR)				
Postpaid	52.4	45.3	-7.0	-13.4%
Postpaid voice	39.5	33.1	-6.3	-16.0%
Postpaid data	12.9	12.2	-0.7	-5.7%
UoU (units)	382.4	361.3	-21.1	-5.5%
MoU (min)	346.0	319.2	-26.8	-7.8%
Normalized MoU (min)	327.7	279.8	-47.8	-14.6%
SMS (units)	69.6	78.1	8.5	12.3%
Normalized SMS (units)	54.5	61.4	6.9	12.7%

Service Delivery Engine & Wholesale – SDE&W

- **Like-for-like revenue 1.7% lower than 2009**
- **Regulatory measures impacting revenue by EUR -22 million**
- **Segment result flat on like-for-like basis**

P&L Service Delivery Engine & wholesale

	Year ended 31 December		
(EUR million)	**2009**	**2010**	**Variance 2010/2009**
TOTAL SEGMENT INCOME	**386**	**342**	**-11.4%**
Costs of materials and services related to revenue	-72	-46	-36.5%
Personnel expenses and pensions	-193	-203	5.2%
Other operating expenses	-185	-202	9.3%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-450**	**-451**	**0.2%**
TOTAL SEGMENT RESULT (1)	**-64**	**-109**	**-**
Segment contribution margin	*-17%*	*-32%*	
Depreciation and amortization	-437	-480	9.6%
OPERATING LOSS	**-502**	**-588**	**17.3%**

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

✓ *SDE&W quarterly financial and operational results: page 27*

Like-for-like full-year revenue decline of 1.7%, fully driven by regulation

SDE&W ended the year 2010 with EUR 342 million revenues, or a year-over-year decline of 11.4%. This decline mainly results from the intercompany flows that have been eliminated as from 2010 due to the legal entity merger.

On a **like-for-like basis, SDE&W revenues were down 1.7% year-over-year** while absorbing a negative regulation impact of EUR 22 million (-6.4%). Revenues were mainly pressured by the financial collecting model for Premium Rate services and, to a lesser extent, by the regulation on Roaming tariffs, Mobile Termination Rates and new LLU and bitstream prices as from August 2010.

Excluding the effect from regulation, full-year revenues were up by 4.7%, driven by the migration of Scarlet customers, moving from a bitstream to a Carrier DSL solution.

The fourth quarter revenues were like-for-like down by 6.6%, entirely driven by regulatory measures. Excluding the EUR 9 million negative impact from regulation, the fourth quarter revenue increased compared to the same period last year.

SDE&W total operating expenses stable compared to last year

Cost of Sales for the year 2010 were positively impacted by the eliminated intercompany costs. On a like-for-like basis, the full-year Cost of Sales decreased by 26.2% to EUR 46 million, driven by the positive effect of the financial collecting model for premium rate services.

Full-year **HR expenses** amounted to EUR 203 million or an increase of 5.2% year-over-year, including an increase in the fourth quarter by 11.5%. The higher cost is driven by an increase in headcount by 73 FTEs and by the 2% wage indexation as of October 2010. In addition, 2009 fourth-quarter expenses were exceptionally low due to a positive impact of some special tax reductions granted by the government on night shifts, overtime and research.

Non-HR expenses for the year 2010 were impacted by the swap of the Radio Access Network to Huawei equipment and by additional costs following the migration of Scarlet customers. As a result, the non-HR costs increased 9.3% year-over-year to EUR 202 million. As the transformation to Huawei equipment started in the last quarter of 2009, the year-over-year variance in the fourth quarter 2010 was no longer impacted, resulting in a slight decline of the non-HR expenses by 3%.

Staff & Support – S&S

P&L Staff and Support

(EUR million)	Year ended 31 December 2009	2010	Variance 2010/2009
TOTAL SEGMENT INCOME	**33**	**35**	**4.6%**
Costs of materials and services related to revenue	-0	1	>100%
Personnel expenses and pensions	-166	-165	-0.7%
Other operating expenses	-204	-192	-6.1%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-370**	**-355**	**-4.1%**
TOTAL SEGMENT RESULT (1)	**-337**	**-320**	**-4.9%**
Segment contribution margin	-	-	
Non-recurring expenses	0	7	1442.1%
OPERATING LOSS before depreciation & amortization	**-337**	**-314**	**-6.8%**
Depreciation and amortization	-77	-76	-1.3%
OPERATING LOSS	**-413**	**-389**	**-5.8%**

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

✓ S&S quarterly financial and operational results: page 27

Staff and Support generated EUR 35 million revenues during the year 2010, or a slight increase of 4.6%. This results, among other things, from slightly higher capital gains realized on the sale of buildings. Total operating expenses were down 4.1% to EUR 355 million, mainly driven by the company-wide focus to reduce expenses.

International Carrier Services - BICS

- **Positive effect from full consolidation and MTN ICS contribution**
- **Full-year organic revenues up 3.9%, including 4.7% growth in Q4**
- **2010 EBITDA margin of 8%**
- **Solid volume growth**

P&L International Carrier Services

(EUR million)	Year ended 31 December 2009	2010	Variance 2010/2009
TOTAL SEGMENT INCOME	**892**	**1,610**	**80.4%**
Costs of materials and services related to revenue	-749	-1,383	84.6%
Gross margin (1)	*143*	*226*	*58.4%*
Personnel expenses and pensions	-24	-39	58.1%
Other operating expenses	-40	-58	43.4%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-814**	**-1,480**	**81.8%**
TOTAL SEGMENT RESULT (2)	**78**	**129**	**66.3%**
Segment result margin	*8.7%*	*8.0%*	
Non-recurring income	74	436	487.2%
Non-recurring expenses	-1	0	-100.0%
OPERATING INCOME before depreciation & amortization	**151**	**566**	
Depreciation and amortization	-21	-82	
OPERATING INCOME	**130**	**484**	

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

✓ ICS quarterly financial and operational results: page 28

Strong BICS revenue; full-year revenue up 3.9% on organic basis

BICS ended the year with a strong revenue performance, reporting quarter-after-quarter organic revenue growth. The full-year revenues amounted to EUR 1,610 million including the positive impact of the full consolidation and the additional business of MTN ICS. On an adjusted basis, i.e. when proportionally consolidating BICS' 2010 revenue at 57.6%, BICS revenues were up 3.9%, with fourth-quarter revenue showing an organic growth of 4.7%.

(EUR million)	Year ended 31 December 2009	2010	Variance 2010/2009	Variance % 2010/2009
Voice	815.5	1,472.1	656.6	80.5%
Non Voice	76.7	137.6	60.8	79.3%
Total revenues	**892.2**	**1,609.6**	**717.4**	**80.4%**

BICS gross margin: strong volume growth, voice unit margin under pressure

The reported full-year gross margin grew by 58.4%, including a positive effect from the full consolidation. Voice unit margins were pressured by the intense competition in the International Carrier market, as well as by the high fluctuations in the EUR/USD exchange rate. Non-voice margins, however, grew as a result of BICS' increased leadership in mobile data.

(EUR million)	Year ended 31 December 2009	2010	Variance 2010/2009	Variance % 2010/2009
Voice	84.8	131.6	46.8	55.2%
Non Voice	58.0	94.6	36.6	63.1%
Total Gross Margin	**142.8**	**226.2**	**83.4**	**58.4%**

BICS operating income before depreciation and amortization (EBITDA)

BICS' end-of-year reported EBITDA of EUR 129 million was positively impacted by the full consolidation and the additional contribution of MTN ICS. Organically, the pressure on gross margins was largely offset by the lower operational expenses.

The 2010 EBITDA margin of 8% was slightly down compared to last year, due to the increased voice proportion from the MTN transaction, but showed some improvement over the quarters, driven by the solid performance of the non-voice business. The increase in the fourth-quarter EBITDA margin to 8.9% was, however, mainly the result of non-recurring favorable exchange rate gains.

BICS operating review (volumes at 100% for both 2009 and 2010)

The 2010 volumes were positively impacted by the additional MTN business. Full-year 2010 voice volumes were up 31% and non-voice grew almost 46% year-over-year. The fourth quarter of 2010, in particular, showed strong non-voice volumes driven by growing SMS volumes and some seasonality impact.

Volumes (in million)	Year ended 31 December 2009	2010	Variance 2010/2009	Variance % 2010/2009
Voice	19,316	25,290	5,974	30.9%
Non-Voice (SMS/MMS)	549	800	251	45.6%

BICS volumes included at 100%

Quarterly results as reported

Results have not been restated for reporting changes

- Group results impacted by 100% consolidation of BICS and MTN contribution as from 2010
- Segment results impacted by legal entity merger resulting in disappearance of intercompany flows

Group – Financials

(EUR million)	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
Revenues	**1,492**	**1,504**	**1,476**	**1,518**	**5,990**	**1,641**	**1,664**	**1,640**	**1,658**	**6,603**
Consumer Business Unit	591	604	602	617	2,414	590	592	585	600	2,368
Enterprise business unit	640	626	602	632	2,501	615	610	590	606	2,421
Service Delivery Engine & Wholesale	98	94	94	100	386	94	85	79	83	342
Staff&Support	7	12	6	8	33	10	7	10	7	35
International Carrier Services	217	227	228	221	892	378	414	415	402	1,610
Intersegment eliminations	-61	-60	-55	-60	-236	-47	-45	-40	-39	-172
Costs of materials and charges to revenues	**-511**	**-511**	**-515**	**-550**	**-2,087**	**-662**	**-674**	**-651**	**-655**	**-2,642**
Personnel expenses and pensions	**-281**	**-280**	**-271**	**-277**	**-1,108**	**-274**	**-275**	**-281**	**-278**	**-1,107**
Other operating expenses	**-207**	**-211**	**-196**	**-225**	**-840**	**-210**	**-212**	**-218**	**-230**	**-870**
Segment result	**492**	**502**	**494**	**467**	**1,955**	**495**	**503**	**490**	**495**	**1,984**
Segment EBITDA margin*	**33.0%**	**33.4%**	**33.5%**	**30.8%**	**32.6%**	**30.2%**	**30.2%**	**29.9%**	**29.9%**	**30.0%**
Non recurring items	**0**	**-62**	**0**	**74**	**12**	**436**	**1**	**0**	**8**	**444**
Ebitda	**492**	**440**	**494**	**541**	**1,967**	**931**	**504**	**490**	**503**	**2,428**

** before non-recurring items*

Group – Capex

(EUR million)	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
Group Capex	**135**	**134**	**136**	**192**	**597**	**154**	**222**	**139**	**219**	**734**
Consumer Business Unit	26	16	19	29	89	49	19	11	54	132
Enterprise business unit	6	4	4	6	20	2	3	7	7	20
Service Delivery Engine & Wholesale	98	106	100	118	422	96	180	96	121	492
Staff&Support	3	6	8	27	44	5	13	19	26	62
International Carrier Services	2	3	6	12	22	2	8	6	11	27

CBU - Financials

(EUR million)	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
Revenues	**591**	**604**	**602**	**617**	**2,414**	**590**	**592**	**585**	**600**	**2,368**
From Fixed	**290**	**285**	**290**	**298**	**1,163**	**291**	**280**	**281**	**288**	**1,139**
Voice	144	141	138	138	561	133	125	124	124	506
Data	79	78	82	84	323	85	85	84	83	337
TV	29	30	34	40	134	44	43	46	49	182
Terminals (excl. TV)	13	12	13	14	51	8	7	8	7	31
Scarlet	25	24	22	23	95	21	20	19	23	84
From Mobile	**278**	**297**	**291**	**296**	**1,161**	**279**	**288**	**285**	**290**	**1,142**
Voice	170	178	179	176	704	161	168	165	160	653
Data	71	77	75	80	303	80	79	79	84	322
Terminals (excl. TV)	14	18	14	16	62	15	16	17	21	68
Tango	23	23	23	24	93	24	25	25	25	99
Other	**24**	**22**	**21**	**23**	**90**	**21**	**24**	**19**	**23**	**87**
Costs of materials and charges to revenues	**-166**	**-174**	**-178**	**-205**	**-723**	**-180**	**-171**	**-158**	**-169**	**-678**
Personnel expenses and pensions	**-89**	**-88**	**-81**	**-87**	**-345**	**-81**	**-81**	**-82**	**-82**	**-325**
Other operating expenses	**-68**	**-75**	**-73**	**-81**	**-297**	**-65**	**-73**	**-70**	**-83**	**-291**
Segment result	**268**	**266**	**269**	**244**	**1,048**	**264**	**267**	**276**	**266**	**1,073**
Segment Contribution margin	**45.4%**	**44.1%**	**44.8%**	**39.6%**	**43.4%**	**44.7%**	**45.1%**	**47.1%**	**44.3%**	**45.3%**

CBU – Operationals

	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
FROM FIXED										
Number of access channels (thousands)	**3,164**	**3,130**	**3,114**	**3,102**	**3,102**	**3,120**	**3,098**	**3,076**	**3,046**	**3,046**
PSTN	2,013	1,979	1,956	1,934	1,934	1,904	1,877	1,850	1,817	1,817
ISDN	38	37	36	34	34	32	31	30	28	28
IP*	71	70	65	60	60	93	92	90	88	88
ADSL, VDSL	1,042	1,044	1,057	1,075	1,075	1,091	1,099	1,107	1,113	1,113
Traffic (millions of minutes)	**1,230**	**1,124**	**1,060**	**1,181**	**4,594**	**1,178**	**1,052**	**1,004**	**1,140**	**4,374**
National	1,022	918	869	973	3,781	976	857	824	942	3,599
Fixed to Mobile	105	109	101	108	423	104	103	94	102	404
International	102	97	90	100	390	98	91	86	96	371
TV (thousands)	**555**	**589**	**663**	**752**	**752**	**814**	**868**	**920**	**975**	**975**
TV - households	486	513	575	652	652	713	753	795	839	839
of which second stream users	70	75	88	100	100	100	115	125	135	135
ARPU (EUR)										
ARPU Voice	21.7	21.6	21.5	21.7	21.7	21.2	20.3	20.3	20.9	20.7
ARPU broadband	28.6	28.1	29.1	29.0	28.7	28.7	28.5	28.1	27.6	28.2
ARPU Belgacom TV	20.4	19.2	20.6	21.3	20.4	20.7	19.1	19.3	19.7	19.7
FROM MOBILE										
Number of active customers (thousands)	**3,787**	**3,809**	**3,829**	**3,824**	**3,824**	**3,739**	**3,745**	**3,773**	**3,769**	**3,769**
Pre-paid	2,229	2,224	2,235	2,199	2,199	2,169	2,160	2,153	2,123	2,123
Post-paid	1,451	1,488	1,510	1,530	1,530	1,538	1,557	1,573	1,604	1,604
MVNO	107	97	84	95	95	31	29	47	42	42
Annualized churn rate (blended - variance in p.p.)	**19.6%**	**20.8%**	**21.5%**	**20.5%**	**20.7%**	**20.9%**	**20.1%**	**21.8%**	**22.8%**	**21.4%**
Net ARPU (EUR)										
Prepaid	13.3	14.4	13.8	14.6	14.2	14.3	15.0	14.7	15.3	14.8
Postpaid	35.3	36.4	36.5	35.8	35.7	32.5	32.9	32.1	31.4	32.2
Blended	21.6	22.7	22.6	22.8	22.5	21.5	22.3	21.8	22.0	21.9
Blended voice	15.3	15.9	15.9	15.7	15.7	14.5	15.2	14.9	14.5	14.8
Blended data	6.3	6.8	6.7	7.1	6.7	7.0	7.1	7.0	7.5	7.1
UoU (units)	**262.9**	**290.5**	**275.7**	**312.4**	**286.0**	**318.0**	**335.1**	**307.1**	**345.3**	**326.5**
MoU (min)	**107.9**	**112.9**	**108.9**	**111.8**	**110.5**	**104.0**	**109.8**	**104.8**	**106.0**	**106.1**
Normalized MoU (min)	93.6	96.5	95.6	96.9	95.6	86.1	88.9	87.6	90.5	88.7
SMS (units)	**156.0**	**178.7**	**167.8**	**201.8**	**176.5**	**215.2**	**226.5**	**203.5**	**240.5**	**221.6**
Normalized SMS (units)	68.3	72.2	69.0	80.3	73.4	85.3	87.1	85.7	101.2	90.6

** As from Q1 2010 Scarlet VoIP customers are included*

EBU - Financials

(EUR million)	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
Revenue	**640**	**626**	**602**	**632**	**2,501**	**615**	**610**	**590**	**606**	**2,421**
From Fixed	**438**	**429**	**411**	**442**	**1,719**	**432**	**425**	**413**	**427**	**1,697**
Voice	148	144	139	142	574	141	136	130	132	539
Data	101	100	100	100	401	99	98	98	98	392
Terminals	19	18	18	19	74	18	18	19	18	74
ICT	171	166	153	181	670	174	172	167	179	692
From Mobile	**193**	**194**	**186**	**186**	**759**	**177**	**180**	**174**	**170**	**702**
Voice	146	144	135	135	560	129	130	124	120	502
Data	43	46	48	47	184	45	47	47	46	185
Terminals	4	4	3	4	15	3	3	3	5	15
Other	**9**	**4**	**5**	**4**	**22**	**6**	**5**	**3**	**8**	**22**
Costs of materials and charges to revenues	**-198**	**-184**	**-174**	**-192**	**-748**	**-183**	**-175**	**-163**	**-164**	**-685**
Personnel expenses and pensions	**-95**	**-94**	**-94**	**-96**	**-379**	**-91**	**-93**	**-96**	**-95**	**-375**
Other operating expenses	**-41**	**-39**	**-33**	**-29**	**-142**	**-36**	**-35**	**-39**	**-40**	**-149**
Segment result	**306**	**310**	**301**	**315**	**1,231**	**306**	**308**	**292**	**306**	**1,212**
Segment Contribution margin	**47.7%**	**49.4%**	**50.0%**	**49.7%**	**49.2%**	**49.7%**	**50.4%**	**49.5%**	**50.6%**	**50.0%**

EBU – Operationals

	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
FROM FIXED										
Number of access channels (thousands)	**1,974**	**1,958**	**1,946**	**1,937**	**1,937**	**1,922**	**1,912**	**1,901**	**1,886**	**1,886**
PSTN	664	657	652	649	649	647	644	641	636	636
ISDN	854	847	840	830	830	818	810	801	791	791
IP	11	11	12	12	12	11	12	12	13	13
ADSL, VDSL	445	443	442	446	446	445	446	446	445	445
Traffic (millions of minutes)	**901**	**837**	**770**	**828**	**3,336**	**848**	**790**	**727**	**781**	**3,145**
National	620	569	522	567	2,278	579	529	487	529	2,123
Fixed to Mobile	176	171	157	169	672	173	168	153	165	660
International	105	97	91	92	386	96	93	86	87	362
ARPU (EUR)										
ARPU Voice	31.3	30.9	30.1	30.9	30.8	30.9	30.2	29.0	29.7	30.0
ARPU Broadband	40.1	39.8	40.1	39.7	39.9	39.4	39.1	39.0	38.7	39.1
FROM MOBILE										
Number of active customers (thousands)	**1,170**	**1,190**	**1,211**	**1,235**	**1,235**	**1,252**	**1,271**	**1,286**	**1,303**	**1,303**
Post-paid	1,170	1,190	1,211	1,235	1,235	1,252	1,271	1,286	1,303	1,303
Annualized churn rate (blended - variance in p.p.)	**10.7%**	**11.0%**	**9.0%**	**9.9%**	**10.2%**	**10.6%**	**10.9%**	**10.0%**	**10.8%**	**10.6%**
Net ARPU (EUR)										
Postpaid	54.5	53.6	51.1	50.1	52.4	46.9	47.0	44.7	42.8	45.3
Postpaid voice	42.1	40.7	37.6	37.2	39.5	34.8	34.5	32.4	30.9	33.1
Postpaid data	12.4	12.9	13.4	12.9	12.9	12.1	12.5	12.3	11.9	12.2
UoU (units)	**388.5**	**389.2**	**365.4**	**387.8**	**382.4**	**360.7**	**363.6**	**345.3**	**372.8**	**361.3**
MoU (min)	**355.4**	**354.5**	**329.3**	**346.6**	**346.0**	**319.7**	**321.8**	**305.6**	**327.3**	**319.2**
Normalized MoU (min)	337.9	338.9	313.5	327.7	327.7	287.4	282.7	265.8	281.7	279.8
SMS (units)	**64.7**	**68.4**	**68.6**	**76.5**	**69.6**	**74.6**	**77.0**	**74.7**	**85.5**	**78.1**
Normalized SMS (units)	53.3	54.3	53.8	57.6	54.5	59.1	60.0	59.2	66.9	61.4

SDE&W - Financials

(EUR million)	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
Revenues	**98**	**94**	**94**	**100**	**386**	**94**	**85**	**79**	**83**	**342**
Costs of materials and charges to revenues	**-16**	**-18**	**-18**	**-20**	**-72**	**-15**	**-10**	**-10**	**-10**	**-46**
Personnel expenses and pensions	**-50**	**-50**	**-47**	**-45**	**-193**	**-51**	**-48**	**-53**	**-50**	**-203**
Other operating expenses	**-48**	**-43**	**-42**	**-51**	**-185**	**-50**	**-50**	**-52**	**-50**	**-202**
Segment result	**-16**	**-18**	**-13**	**-18**	**-64**	**-23**	**-23**	**-36**	**-27**	**-109**
Segment Contribution margin	**-16.5%**	**-18.7%**	**-13.6%**	**-17.6%**	**-16.6%**	**-24.0%**	**-26.6%**	**-45.5%**	**-33.1%**	**-31.8%**

S&S - Financials

(EUR million)	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
Revenues	**7**	**12**	**6**	**8**	**33**	**10**	**7**	**10**	**7**	**35**
Costs of materials and charges to revenues	**0**	**-1**	**-1**	**1**	**0**	**1**	**0**	**0**	**0**	**1**
Personnel expenses and pensions	**-41**	**-41**	**-42**	**-42**	**-166**	**-41**	**-43**	**-41**	**-40**	**-165**
Other operating expenses	**-50**	**-49**	**-43**	**-61**	**-204**	**-50**	**-45**	**-45**	**-52**	**-192**
Segment result	**-84**	**-79**	**-80**	**-94**	**-337**	**-80**	**-80**	**-75**	**-85**	**-320**

BICS - Financials

(EUR million)	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
Revenues	217	227	228	221	892	378	414	415	402	1,610
Costs of materials and charges to revenues	-184	-186	-193	-186	-749	-325	-359	-356	-344	-1,383
Personnel expenses and pensions	-6	-6	-6	-6	-24	-10	-9	-9	-10	-39
Other operating expenses	-8	-11	-11	-10	-40	-15	-15	-16	-12	-58
Segment result	19	23	17	20	78	28	32	34	36	129
Segment EBITDA margin	8.7%	10.0%	7.4%	8.8%	8.7%	7.4%	7.7%	8.1%	8.9%	8.0%

BICS – Operationals

Volumes (in million)	Q109	Q209	Q309	Q409	2009	Q110	Q210	Q310	Q410	2010
Voice	4,498	4,707	4,805	5,306	19,316	5,923	6,254	6,433	6,680	25,290
Non-Voice (SMS/MMS)	117	119	149	164	549	168	188	209	235	800

Condensed Consolidated Financial statements

Consolidated income statements

(EUR million)	Three months ended 31 December 2009	Three months ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2010
Net revenue	1,502	1,647	5,922	6,552
Other operating income	16	11	68	51
Non-recurring income	74	1	74	436
TOTAL INCOME	**1,593**	**1,659**	**6,065**	**7,040**
Costs of materials and services related to revenue	-550	-655	-2,087	-2,642
Personnel expenses and pensions	-277	-278	-1,108	-1,107
Other operating expenses	-225	-230	-840	-870
Non-recurring expenses	0	7	-62	8
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,052**	**-1,156**	**-4,097**	**-4,612**
OPERATING INCOME before depreciation & amortization	**541**	**503**	**1,967**	**2,428**
Depreciation and amortization	-185	-206	-706	-809
OPERATING INCOME	**356**	**297**	**1,261**	**1,619**
Finance income	6	9	18	15
Finance costs	-33	-31	-135	-117
Net finance costs	**-27**	**-22**	**-117**	**-102**
INCOME BEFORE TAXES	**329**	**275**	**1,144**	**1,517**
Tax expense	-42	-39	-241	-233
NET INCOME	**287**	**237**	**904**	**1,283**
Non-controlling interests	0	7	-1	17
Net income (Group share)	287	230	904	1,266
Basic earnings per share	0.90 EUR	0.71 EUR	2.82 EUR	3.94 EUR
Diluted earnings per share	0.90 EUR	0.71 EUR	2.82 EUR	3.94 EUR
Weighted average number of ordinary shares	320,614,583	321,471,220	320,475,553	321,138,048
Weighted average number of ordinary shares for diluted earnings per share	320,879,780	322,045,201	320,686,600	321,712,030

Consolidated statements of other comprehensive income

(EUR million)	Year ended 31 December 2009	Year ended 31 December 2010
Net income	**904**	**1,283**
Other comprehensive income:		
Available-for-sale investments:		
Valuation gain/(loss) taken to equity	1	0
Transfer to profit or loss on sale	0	-5
Cash flow hedges:		
Transfer to profit or loss for the period	0	0
Exchange differences on translation of foreign operations	1	0
Other comprehensive income net of tax	**1**	**-5**
Total comprehensive income	**905**	**1,278**
Attributable to:		
Equity holders of the parent	906	1,262
Non-controlling interests	-1	17

Consolidated balance sheets

(EUR million)	As of 31 December 2009	As of 31 December 2010
ASSETS		
NON-CURRENT ASSETS	**5,505**	**6,185**
Goodwill	2,088	2,337
Intangible assets with finite useful life	623	1,190
Property, plant and equipment	2,420	2,348
Investments in associates	2	2
Other participating interests	1	26
Deferred income tax assets	295	158
Pension assets	2	2
Other non-current assets	75	122
CURRENT ASSETS	**1,945**	**2,326**
Inventories	86	114
Trade receivables	1,089	1,246
Current income tax assets	169	198
Other current assets	194	142
Investments	76	43
Cash and cash equivalents	332	584
TOTAL ASSETS	**7,450**	**8,511**
LIABILITIES AND EQUITY		
EQUITY	**2,528**	**3,342**
Shareholders' equity	**2,521**	**3,108**
Issued capital	1,000	1,000
Treasury shares	-509	-484
Restricted reserve	100	100
Available for sale and hedge reserve	5	0
Stock compensation	10	11
Retained earnings	1,911	2,476
Foreign currency translation	4	4
Non-controlling interests	**7**	**235**
NON-CURRENT LIABILITIES	**3,093**	**2,364**
Interest-bearing liabilities	2,128	1,406
Liability for pensions, other post-employment benefits and termination benefits	677	565
Provisions	199	203
Deferred income tax liabilities	86	187
Other non-current payables	3	3
CURRENT LIABILITIES	**1,830**	**2,804**
Interest-bearing liabilities	59	783
Trade payables	1,123	1,304
Income tax payables	137	188
Other current payables	511	529
TOTAL LIABILITIES AND EQUITY	**7,450**	**8,511**

Consolidated cash flow statements

(EUR million)	Year ended 31 December 2009	2010
Cash flow from operating activities		
Net income (group share)	904	1,266
Adjustments for:		
Non-controlling interests	-1	17
Depreciation and amortization on intangible assets and property, plant and equipment	706	809
Increase of impairment on intangible assets and property, plant and equipment	3	1
Increase of provisions	8	26
Deferred tax expense	46	75
Fair value adjustments on financial instruments	2	1
Gain on disposal of consolidated companies	-72	-437
Gain on disposal of property, plant and equipment	-3	-3
Other non-cash movements	5	10
Operating cash flow before working capital changes	**1,598**	**1,766**
Decrease / (increase) in inventories	14	-27
Decrease in trade receivables	66	1
Increase in current income tax assets	-25	-28
Decrease / (increase) in other current assets	-38	58
Decrease in trade payables	-55	-2
Increase / (decrease) in income tax payables	-27	48
Increase / (decrease) in other current payables	11	-13
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-97	-113
Decrease in other non-current payables and provisions	-40	-23
Increase in working capital, net of acquisitions and disposals of subsidiaries	**-192**	**-99**
Net cash flow provided by operating activities (1)	**1,406**	**1,666**
Cash flow from investing activities		
Purchase of intangible assets and property, plant and equipment	-597	-734
Cash paid for acquisitions of other participating interests	0	-26
Cash received from / (paid for) acquisition of consolidated companies, net of cash acquired	1	56
Cash received from / (paid for) sales of consolidated companies, net of cash disposed of	-22	0
Cash received from sales of intangible assets and property, plant and equipment	2	16
Net cash received from other non-current assets	6	1
Net cash used in investing activities	**-609**	**-686**
Cash flow before financing activities	**797**	**980**
Cash flow from financing activities		
Dividends paid to shareholders	-684	-702
Dividends / capital paid to non-controlling interests	0	-30
Net sale of treasury shares	8	25
Sale / (purchase) of investments	-23	26
Decrease of shareholders' equity	-1	-1
Issuance / (repayment) of long term debt	-298	2
Repayment of short term debt	-33	-49
Net cash used in financing activities	**-1,030**	**-728**
Net increase / (decrease) of cash and cash equivalents	**-233**	**252**
Cash and cash equivalents at 1 January	565	332
Cash and cash equivalents at 31 December	332	584

Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Minority interests	Total Equity
Balance at 1 January 2009	**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
Non-controlling interests arising in a business combination	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**
Fair value changes in available-for-sale investments	*0*	*0*	*0*	*-5*	*0*	*0*	*0*	***-5***	*0*	*-5*
Equity changes not recognised in the income statement	0	0	0	-5	0	0	0	**-5**	0	-5
Net income	0	0	0	0	0	0	1,266	**1,266**	17	1,283
Total comprehensive income and expense	**0**	**0**	**0**	**-5**	**0**	**0**	**1,266**	**1,262**	**17**	**1,278**
Dividends to shareholders (relating to 2009)	0	0	0	0	0	0	-539	**-539**	0	-539
Interim dividends to shareholders (relating to 2010)	0	0	0	0	0	0	-161	**-161**	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	**0**	-9	-9
Non-controlling interests arising in a business combination	0	0	0	0	0	0	0	**0**	220	220
Treasury shares	0									
Exercise of stock options	0	17	0	0	0	0	-2	**15**	0	15
Sale of treasury shares under a discounted share purchase plan	0	9	0	0	0	0	-1	**7**	0	7
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	3	0	**3**	0	3
Exercise of stock options	0	0	0	0	0	-2	2	**0**	0	0
Total transactions with equity holders	**0**	**25**	**0**	**0**	**0**	**1**	**-701**	**-675**	**211**	**-464**
Balance at 31 December 2010	**1,000**	**-484**	**100**	**0**	**4**	**11**	**2,476**	**3,108**	**235**	**3,342**

Segment reporting

Segment revenue and results

	Year ended 31 December 2009						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Net revenue	2,344	2,451	287	2	838	0	5,922
Other operating income	15	14	17	20	3	0	68
Intersegment income	55	36	82	11	52	-236	**0**
TOTAL SEGMENT INCOME	**2,414**	**2,501**	**386**	**33**	**892**	**-236**	**5,990**
Costs of materials and services related 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 income	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**
Net finance costs							-117
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 income and expenses

	Year ended 31 December 2010						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Net revenue	2,337	2,401	267	6	1,541		6,552
Other operating income	20	6	3	19	2		51
Intersegment income	11	14	71	10	66	-172	0
TOTAL SEGMENT INCOME	**2,368**	**2,421**	**342**	**35**	**1,610**	**-172**	**6,603**
Costs of materials and services related to revenue	-678	-685	-46	1	-1,383	150	-2,642
Personnel expenses and pensions	-325	-375	-203	-165	-39	0	-1,107
Other operating expenses	-291	-149	-202	-192	-58	22	-870
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,295**	**-1,210**	**-451**	**-355**	**-1,480**	**171**	**-4,619**
TOTAL SEGMENT RESULT (1)	**1,073**	**1,212**	**-109**	**-320**	**129**	**-1**	**1,984**
Non-recurring income	0	0	0	0	436	0	436
Non-recurring expenses	1	0	0	7	0	0	8
OPERATING INCOME / (LOSS) before depreciation & amortization	**1,074**	**1,212**	**-109**	**-314**	**566**	**-1**	**2,428**
Depreciation and amortization	-153	-19	-480	-76	-82	1	-809
OPERATING INCOME / (LOSS)	**920**	**1,192**	**-588**	**-389**	**484**	**0**	**1,619**
Net finance costs							-102
INCOME BEFORE TAXES							**1,517**
Tax expense							-233
NET INCOME							**1,283**
Non-controlling interests							17
Net income (Group share)							1,266

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

Other segment information

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

	Year ended 31 December 2010						
(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
Capital expenditure	132	20	492	62	27	0	734

Contingent liabilities

No change occurred in the last quarter 2010 other than those mentioned in the chapter "Regulatory and legal update" of this document.

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, 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: Includes voice and data cards. Active customers are 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 SMS included in price plans).

Financial Calendar

13 April 2011	Annual General Meeting of Shareholders
29 April 2011	Payment dividend
06 May 2011	Announcement Q1 2011 results
29 July 2011	Announcement HY 2011 results
28 October 2011	Announcement Q3 2011 results

For further information

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