

PARTIAL DEMERGER PROPOSAL

Proposal of a transaction equivalent to a demerger by acquisition between Telindus Group NV and Belgacom SA under public law in accordance with the procedure of sections 677 *juncto* 728-741 of the Companies Code.

On 22 and 26 October 2009, the Boards of Directors of:

1. **Telindus Group NV**, a public limited liability company governed by Belgian law, with its registered office at Geldenaaksebaan 355, 3001 Heverlee, registered at the Crossroads Bank of Enterprises under number 0422.674.035;

the '**Company to be Partially Demerged**' or '**Telindus Group**'; and

2. **Belgacom SA under public law**, a public limited liability company governed by Belgian law, with its registered office at Bd. du Roi Albert II 27,1030 Brussels, registered at the Crossroads Bank of Enterprises under number 0202.239.951;

the '**Acquiring Company**' or '**Belgacom**'

in accordance with section 677 *juncto* 728 - 741 of the Belgian Companies Code (hereafter referred to as "BCC"), have decided to propose to their respective shareholders' meetings the following partial demerger proposal with a view to the partial demerger of the Telindus Group into Belgacom.

1. Preliminary remarks

This partial demerger proposal of Telindus Group takes place in the broader context of the global development of the Belgacom group, as well as the more general evolution of the telecommunications and media market.

Since its liberalization, Belgacom has continuously expanded its range of activities and has always been a pioneer in the field of fixed and mobile telephony, internet and television. All services offered by the Belgacom group, which were formerly separate services, are now evolving into total convergence. This requires an adaptation of the existing legal structures of the Belgacom group.

The attraction of convergence and the new organization lies mainly in the fact that they (i) not only facilitate customer acquisition and build up customer loyalty via a combined telecommunications offering, but also allow to (ii) expand the product range through innovation, and (iii) realize efficiencies thanks to the synergies present.

To fully exploit its convergence strategy and have the flexibility that is needed to respond to the competition and market developments, Belgacom's board of directors has decided, in its implementation of the convergence strategy, to propose to the shareholders' meeting to align the group's legal structure with its operational structure by integrating all Belgian players of the converging services, i.e., Belgacom, Belgacom Mobile, Telindus, Telindus Sourcing, Skynet and Telindus Group, into a single legal entity. May we point out that given the current economic situation and the competition in the telecommunication sector, these changes are indispensable to secure the future of the Belgacom group.

Given the focus of the Scarlet group on the specific segment of the price sensitive residential customers and taken into account the obligations imposed by the Belgian competition authorities ('Raad van de Mededinging'/'Conseil de la Concurrence') with respect to the acquisition of the Scarlet group, the Scarlet group continues to pursue an independent course of action, complementary to the course of action of the Belgacom group, within a separate legal structure.

Note that the aforementioned operations and the partial demerger of Telindus Group are necessary for the restructuring of the group and that they form an integral part of the group's convergence strategy.

The partial demerger of Telindus Group as a result of which 100% of the shares of Telindus and Telindus Sourcing are transferred to Belgacom, is needed for the realization of a simplified merger.

Moreover, the partial demerger of Telindus Group allows Belgacom to integrate the Belgian supporting services of Telindus Group since Telindus Group provides supporting services to Belgian and international subsidiaries of the Telindus Group.

The part of these activities of the Telindus Group relating to convergence consists of IT services, business development and expertise at the operational, marketing, communication and management level. These activities are manned by 34 staff members who will be integrated in Belgacom.

The more specific support provided to international subsidiaries concerns support to sales, services and international solutions. These supporting activities will remain within the Telindus Group, given that they are more specifically related to the international part of the Telindus Group. These activities are manned by 18 staff members.

Only the integration of Belgian operations is being considered, i.e., Telindus, Telindus Sourcing, and the supporting activities of the Telindus Group which are connected to the converging activities. The Telindus Group will retain its role of holding company heading the Telindus Group's international participations and providing services to the group's international subsidiaries.

The Boards of Directors of Telindus Group and Belgacom declare that they are aware of the statutory obligation to file the partial demerger proposal with the Clerk's Office of the Commercial Court at least six weeks prior to the shareholders' meeting which takes the final decision about the partial demerger (**Section 728 BCC**).

2. Identification of the companies involved in the partial demerger

Belgacom SA under public law (Acquiring Company)

- name: Belgacom
- legal form: public limited liability company under public law
- registered office: Bd. du Roi Albert II 27, B-1030 Brussels
- Crossroads Bank of Enterprises: 0202.239.951
- object:

The corporate purpose of the company is:

1. *to develop services in the field of telecommunications in Belgium or elsewhere;*
2. *to perform any operations aimed at promoting, whether directly or indirectly, its activities or ensuring the optimal use of its infrastructure;*
3. *to acquire public or private participating interests in Belgian, foreign or international bodies, companies or associations, whether public or private, existing or to be created, which may directly or indirectly contribute to the achievement of its corporate objects;*
4. *the delivery of radio and TV broadcasting services.*

Telindus Group NV (Company to be partially demerged)

- name: Telindus Group
- legal form: public limited liability company
- registered office: Geldenaaksebaan 355, 3001 Heverlee
- Crossroads Bank of Enterprises: 0422.674.035
- object:

The company's objects in Belgium and abroad, for both its own account and for the account of third parties or in the form of a collaboration with third parties are:

- 1/ the study, engineering, design, implementation, purchase, sale, production, commission, leasing out and distribution of any material, products and services which are related to informatics, robotics, telecommunication in all its forms and in all fields, the administration and management, intelligent software, and more generally any technologies which use ICT concepts, techniques and equipment;
- 2/ the implementation of any engineering, training, consultancy and publications in connection with its company objects;
- 3/ the provision to companies of all possible means of action, particularly specialized employees in the field of equipment and;
- 4/ the participation in any activities relating to research and study, either directly or via an intermediary;
- 5/ the development of all engineering activities, expertise, system integration and project management and implementation;
- 6/ the administrative and accounting management of companies and the exploitation of all possible computer systems for third parties;
- 7/ the founding, promotion and development of companies which are directly or indirectly related to its company objects as well as the participation in such companies;
- 8/ the management of movables and real estate portfolios.

In general, the company may perform, within the limits of its objects, both directly and indirectly, in Belgium and abroad, any movable, real estate, financial or commercial operations or operations pertaining to civil law.

It can, through contribution, transfer, merger, subscription, participation, financial intervention or other means, take an interest in any companies, enterprises or operations which have similar or related objects, or which can promote the realization of its objects.

The shareholders' meeting can modify the company objects in accordance with the legislative provisions relating to the amendment of company objects.

3. Exchange ratio

Method for establishing the exchange ratio

In theory, there are several ways to determine the exchange ratio. This case concerns a partial demerger, whereby the company to be partially demerged (Telindus Group) is a subsidiary which is 100% owned by the Acquiring Company (Belgacom). This requires compliance with accounting continuity principles. In such situations, a method based on accounting valuations can be considered.

If possible, however, a method based on market valuations is generally preferred. Since Belgacom is listed on the stock market and an independent valuation has recently been made of Telindus Group, the method based on market values has been adopted.

Determination of the exchange value of both companies

Belgacom is a listed company, which makes it possible to assess the market value of one Belgacom share on the basis of the stock exchange index. Although the stock exchange indexes have generally been very volatile in the past year, we can reasonably state that for a "defensive" share such as Belgacom's, the average closing rate on Euronext Brussels during the month of September 2009 is sufficiently representative for the current market value. We therefore assume that one Belgacom share has a market value of €26.8075.

The market value of the activities to be transferred is, given the fact that it concerns supporting services, well approximated by the book value of the assets and liabilities linked to these activities. The market value of the participations is however determined by the net present value of the cash flows generated by the undertakings concerned, the starting point for the calculation of the net present value of the cash flows being the business plans of the undertakings concerned.

As a result, the market value of the activities to be demerged and the assets and liabilities linked to these activities, is the sum of the market value of the activities to be transferred on the one hand, and the value of the participations in Telindus NV and Telindus Sourcing NV on the other hand. This value amounts to 143,7 million euro.

Determination of the exchange ratio

The exchange ratio can be determined on the basis of the estimated market value of the transferred activities and the related assets and liabilities and the Belgacom share value (i.e. by dividing the market value of the assets and liabilities to be transferred by the market value of one Belgacom share). This exchange ratio would thus be 143.680.000,00 euro/26.8075 euro or 5.359.694 Belgacom shares.

However, in accordance with section 740, para. 2 of the Belgian Companies Code, the shares of an Acquiring Company (Belgacom) may not be exchanged for shares of a company to be partially demerged (Telindus Group) which is owned by Belgacom. Since Belgacom is therefore not issuing shares, the above-mentioned calculation of the exchange ratio has no further consequences.

4. The way in which shares are distributed, the date on which these shares give right to a share of the profit and the distribution of Belgacom's shares by the shareholders of Telindus Group.

Belgacom currently owns 100% of the Telindus Group's shares. A partial demerger of Telindus Group therefore results in a transfer of part of Telindus Group's corporate assets to Belgacom and should in principle result in Belgacom, as 100% shareholder of Telindus Group, obtaining shares of the acquiring company, i.e., Belgacom itself.

Section 740, para. 2BCC nevertheless prescribes that there shall be no exchange of shares of Belgacom for the shares and to the extent of the number of shares of a company to be partially demerged already held by Belgacom.

In practice, this provision to the partial demerger of Telindus Group therefore implies that Belgacom may not issue and/or acquire new shares in exchange for the shares that it holds in Telindus Group. At the level of Belgacom, the book value of the participation in Telindus Group (which is part of the financial fixed assets) is, as a result of the partial demerger, (i) partially replaced by the assets and liabilities transferred by Telindus Group, and (ii) partially by goodwill.

5. Tax and accounting impact of the partial demerger

As from 1 January 2010, from an accounting point of view and a point of view of direct taxes, all operations made by Telindus Group will be considered to be carried out for the account of Belgacom.

6. Special advantages and remuneration

Within Telindus Group, there are neither holders of shares conferred with special rights nor holders of securities other than shares.

No specific advantages are granted to the Directors of Belgacom or the Telindus Group.

The limited liability cooperative firm Ernst & Young Bedrijfsrevisoren (external auditors), with its registered office at 1831 Diegem, De Kleetlaan 2, represented by Mr. D. Wuyts, is instructed by the Telindus Group to draw up the report cited in section 731 of the BCC.

The special remuneration for this assignment amounts to 8,000 euro.

Belgacom has instructed the statutory auditors, members of the College of Statutory Auditors, i.e. the civil company having taken the form of a cooperative company with limited liability Ernst & Young Bedrijfsrevisoren, with its registered office at Kleetlaan 2, 1831 Diegem, represented by Mr. M. Van Dooren, on the one hand, and the civil company having taken the form of a cooperative company with limited liability Callens, Guévar, Van Impe & C° Bedrijfsrevisoren, with its registered office at Bd. de Tervuren 313, 1150 Brussels, represented by Mr. H. Van Impe on the other hand, to draw up the reports referred to in sections 731 and 602 of the BCC.

The special remuneration for this assignment amounts to 8,000 euro, respectively 2,000.

7. Assets and liabilities to be distributed

General

Telindus Group comprises on the one hand the financial participations in the national and international companies of Telindus Group, and on the other hand a number of specific activities which support both the national and international companies of Telindus Group.

The international participations and the activities which are specifically aimed at supporting these international companies shall remain with Telindus Group. Both the national participations and the supporting activities which are exclusively or predominantly at the service of the national companies are transferred to Belgacom.

Financial participations

Telindus Group owns financial participations in 12 companies of Telindus Group. The participations in the two Belgian companies are transferred to Belgacom; the participations in the 10 foreign companies shall remain in Telindus Group.

The participations in the affiliated companies which are transferred to Belgacom are:

- Telindus NV: Telindus Group owns all the 1,344,262 shares (100%) of Telindus, a company limited by shares under Belgian law, having its registered office at Geldenaaksebaan 335, 3001 Heverlee (Leuven), registered in the Crossroads Bank for Enterprises under number 0442.257.642;

- Telindus Sourcing SA: Telindus Group owns all the 46,620 shares (100%) of Telindus Sourcing, a company limited by shares under Belgian law, having its registered office at Avenue Thomas Edison 1, in 7000 Mons, registered in the Crossroads Bank for Enterprises under number 0457.839.802;

The assets which are not transferred and which therefore remain in Telindus Group are:

- Telindus NV: Telindus Group owns 129,386 of the 200,000 shares of Telindus, a company limited by shares governed by Luxembourgish law, with its registered office at Route d'Arlon 81-83, 8009 Strassen in Luxembourg;
- Groupe Telindus France SA: Telindus Group owns 5,575,629 of the 5,575,635 shares of groupe Telindus, a company limited by shares governed by French law, with its registered office at Avenue de Norvège 10, 91962 Les Ulis in France;
- Telindus France SA: Telindus Group owns 1 of the 2,745,624 shares of Telindus France, a company limited by shares governed by French law, with its registered office at Avenue de Norvège 10, 91962 Les Ulis in France;
- Telindus SAU: Telindus Group owns all the 117,000 shares (100%) of Telindus, a company governed by Spanish law, with its registered office at Plaza Ciudad de Viena 6, B 2A, 28040 Madrid in Spain.
- Telindus Ltd.: Telindus Group owns all the 2,507,038 shares (100%) of Telindus, a limited liability company governed by British law, with its registered office at Plaza Hatchwood Place, Farnham Road, Odiham Hampshire, in the United Kingdom.
- Telindus Surveillance Solutions Ltd.: Telindus Group owns all the 1,470,510,000 shares (100%) of Telindus Surveillance Solutions, a limited liability company governed by British law, with its registered office at Unit D Brookmount Court, Cambridge, in the United Kingdom.
- Telindus International BV: Telindus Group owns all the 71,129 shares (100%) of Telindus International BV, a private company governed by Dutch law, with its registered office at Savannahweg 19, 3541 AW in Utrecht, the Netherlands.
- IST BV: Telindus Group owns the only share of ISIT BV, a private company governed by Dutch law, with its registered office at Gooimeer 14,1411 De Naarden in the Netherlands.
- Telindus Sverige AB: Telindus Group owns all the 3,000 shares (100%) of Telindus Sverige, a private company governed by Swedish law, with its registered office at Svetsarvägen 8, 171 41 Solna in Sweden.
- Telindus SA: Telindus Group owns 2,000 of the 6.500 shares of Telindus, a company limited by shares governed by Swiss law, with its registered office at Chemin des Primevères 45, 1701 Fribourg in Switzerland.

Supporting activities

The activities which are specifically aimed at supporting international companies shall remain in Telindus Group; the supporting activities which are exclusively or mainly at the service of the national companies are transferred to Belgacom.

The assets which are not transferred and which therefore remain in Telindus Group are:

- the international sales activities, which can be described as the defining, supporting, implementing and following up, together with other countries, of an international future-

oriented sales strategy. The design and implementation of guidelines and a policy to support cross-border sales are part of this department's core tasks.

- The international services and solutions, which include the defining, supporting and implementation, together with other countries, of a future-oriented solution strategy which is aimed at supporting and boosting the growth of cross-border sales. The development of international solutions, including the informing and organization of training, the coordination of international services, the development of quality follow-up, etc., are part of the core tasks of this department.

At the end of September, 18 persons were employed here.

The assets and liabilities which are not transferred consist of inter alia:

- Amounts receivable from international companies;
- Tax claims and debts (both direct and indirect taxes).
- Provisions for bridging pensions;
- Personnel-related debt relating to employees who are not transferred with the company;
- Debt resulting from the remunerations of directors and shareholders;
- All debts to suppliers, with the exception of specific suppliers who are working on the development of the new SAP ERP, called "EPS".
- The assets placed with Belgacom Group International Services, the coordination center of the Belgacom group;
- All bank accounts of Telindus Group.

Telindus Group does neither own any real estate, nor is it holder of any right in rem with respect to real estate ("onroerend zakelijk recht"). As a result, no obligations vis-à-vis OVAM or other obligations resulting from environmental laws are applicable.

The activities being transferred include:

- Marketing and communications, which mainly include the following responsibilities at the national level: internal and external communications, the set-up and management of communication channels, the organization and coordination of communication activities, the development of promotional strategies, etc.;
- Activities which are aimed at project management, with a focus on process integration;
- IT and support to the end user, including the following important areas of responsibility: the development and maintenance of IT applications, the setting up and maintenance of an ICT infrastructure and the organization of a helpdesk, etc.

At the end of September these departments had 34 persons.

The transferred assets and liabilities consist of, inter alia:

- all trade mark registrations held by Telindus Group;
- Software licenses and self-developed software, the most important ones being SAP, Clarify, Telise, Changepoint and Frango;
- Computers, computer accessories, networks and other IT infrastructure components.
- Amounts receivable from national companies;
- Personnel-related debt relating to employees who are transferred with the company;

- All debts to suppliers, with the exception of specific suppliers who are working on the development of the new SAP ERP, called "EPS".

Accounting statement

Based on the accounting statement of the assets as per 30 September 2009 of Telindus Group, the assets are demerged as follows:

Split of the assets (30/09/2009 in euro)	Telindus Group	Belgacom
Intangible fixed assets	989,30349	10,079,895.40
Tangible fixed assets	278,370.38	284,311.39
Financial fixed assets	364,416,018.07	33,323,487.26
Amounts receivable after more than one year	111,687.90	
Trade debtors	111,687.90	
Amounts receivable within one year	13,526,974.03	6,878,041.05
Trade debtors	7,451,121.77	6,878,041.05
Other amounts receivable	6,075,852.26	
Current investments	200,000.00	
Other investments and deposits	200,000.00	
Cash at bank and in hand	18,320,103.58	
Deferred charges and accrued income	157,708.98	305,441.14
Total Assets	398,000,166.43	50,871,176.24

Based on the accounting statement of the assets as per 30 September 2009 of Telindus Group, the liabilities are demerged as follows:

Split of the Liabilities (30/09/2009 in euro)	Telindus Group	Belgacom
Provisions for liabilities and charges	2,485,152.08	
Pensions and similar obligations	39,486.13	
Other liabilities and charges	2,445,665,95	
Amounts payable within one year	6,243,520.93	10,376,199.85
Trade debts – suppliers	2,047,801.89	9,746,150.47
Liabilities - taxes	2,892,300.76	
Liabilities - remuneration and social security	1,071,855.00	630,049.38
Other liabilities	231,563.28	
Deferred charges and accrued income	1,044,003.99	
Total Liabilities	9,772,677.00	10,376,199.85

The partial demerger affects the equity capital of Telindus Group as follows:

Change in equity of Telindus Group (in euro)	<u>Prior to the partial demerger</u>	<u>After the partial demerger</u>
Issued capital	134,551,119.50	121,842,328.75
Share premium account	143,197,206.63	129,671,764.83
Reserves	22,958,543.87	20,790,012.95
Legal reserve	13,444,392.80	12,174,526.18
Reserves not available	5,655,959.73	5,121,735.94
Untaxed reserves	2,562.25	2,320.24
Available reserves	3,855,629.09	3,491,430.59
Retained earnings	128,015,595.82	115,923,382.89
Total Equity	428,722,465.82	388,227,489.42

Impact for Belgacom

As mentioned above, this partial demerger of Telindus Group will therefore not lead to the issue of shares by Belgacom. At the level of Belgacom, the book value of the participation in Telindus Group will be allocated to the transferred activity and the related assets and liabilities on the one hand, and to the remaining assets on the other hand. This will be a *pro rata* allocation, based on the market value represented by the Telindus Group property components to be transferred compared to the market value of all the property components of Telindus Group prior to the partial demerger. Based on the financial forecasts, the total market value of Telindus Group consists of the market value of the transferred property components (143,680,000.00 euro) and the market value of the non-transferred property components (410,540,000.00 euro). The market value of the property components of Telindus Group to be transferred therefore represents 25.92% of the total corporate assets of Telindus Group (before the partial demerger). The book value of the total participation in Telindus Group as included in the financial statements of Belgacom amounts to 554,220,000.00 euro. In view of the continuity from an accounting perspective, the partial demerger results, as far as Belgacom is concerned, in the replacement of an amount of 143,680,000.00 euro of the financial fixed assets (i.e., 25.92% of the total value of the Telindus Group participation) in Belgacom's financial statements by:

- (i) on the one hand, new participations which Belgacom will hold directly in Telindus NV and Telindus Sourcing NV, for an amount of 136.508.510,87 euro;
- (ii) on the other hand, other property components which Telindus Group transfers as a result of the partial demerger, the book value of which amounts to 7,171,489.13 euro.

8. Compliance with tax regulations

The Boards of Directors of Belgacom and Telindus Group confirm that this transaction equivalent to a demerger by acquisition takes place in accordance with sections 211, 212 and 213 of the Income Tax Code, sections 11 and 18 para. 3 of the Belgian VAT Code and sections 117 and 120 in fine of the Code of duties on registration, mortgage and registry charges.

9. Special powers

The Boards of Directors of Belgacom and Telindus Group have decided to grant a power of attorney to Peter Vandendriessche, Laurence Croufer and Sophie Peeters, attorneys at law with offices established at Ave. Louise 99, 1050 Brussels, each of them acting individually and with right of substitution, to perform any operations on behalf of Belgacom and Telindus Group which are necessary or useful for the submission of this demerger proposal to the Clerk's Office of the competent Commercial Court of Brussels and Leuven.

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In order to implement the envisaged partial demerger in accordance with the statutory requirements and the articles of association, the boards of the companies involved in the partial demerger shall transfer and disclose all useful information to each other and to the respective shareholders as provided in the Belgian Companies Code, unless this would manifestly harm the interests of one of the companies concerned.

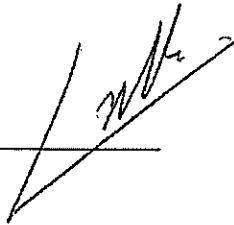
This partial demerger proposal will be submitted in the company files of the respective companies at the Clerk's Office of the Commercial Court in Brussels and Leuven.

The partial demerger proposal will be presented to the shareholders' meeting of each company to be held on January 4th, 2010 or on any other date determined on behalf of the companies' boards of directors.

Drawn up in four copies in Brussels on 22 and 26 October 2009. The board of directors of each of the companies involved in the partial demerger each acknowledges having received two copies, one for submission in the company file at the Clerk's Office of the competent Commercial Court and the other to be kept in the company's registered office.

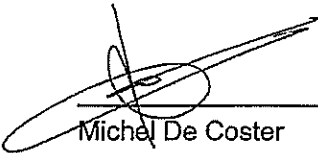
For Belgacom SA under public law,

Didier Bellens
President & C.E.O.

A handwritten signature in black ink, appearing to be 'DB', written over a horizontal line.

For Telindus Group NV,

Michel De Coster
C.E.O.

A handwritten signature in black ink, appearing to be 'MDC', written over a horizontal line.