

BROTSoLL

Belgacom Reference Offer for Terminating Segments of Leased Lines

Scope

Belgacom Reference Offer for Terminating Segments of Leased Lines (BROTSoLL)

- On 17 January '07, the BIPT designated Belgacom as **SMP on the Wholesale terminating segments of leased lines** and has imposed a series of obligations in this respect (access, non discrimination, cost orientation)
- This decision has also imposed the **provisioning of wholesale Ethernet services**. Tariffs for Ethernet based wholesale services should not be “excessive” and not cause a “price squeeze” with retail offers
- On 3 September '08, the BIPT has taken a decision regarding the **pricing of regulated wholesale leased lines** leading to important price decreases (average price decrease of 50%). Effective 1 January '09.
- **Belgacom is appealing** against the market analysis supporting the decision; ruling expected in Q1 2009

Involved products

Involved products = Wholesale terminating segments of Leased lines

- **IC Links:**

Interconnect links; connects BGC & OLO network to exchange voice traffic

- **Half-Links (Partial Circuit):**

Allows OLO to deliver Leased Line to end-user (mostly where he has no network of his own)

- **Backhaul Leased Lines:**

Lines between two BGC colocations or from BGC colocation to OLO's POP

- **BROBA Access Line:**

Can be seen as an IC link but between two ATM switches in stead of two voice switches

Today these products are regulated in different reference offers

(BRIO, BRUO and BROBA)

- **Half-links on Ethernet (point-to-point)**

Half-links but on ethernet

Today Ethernet not regulated yet

BROTSoLL impact

BROTSoLL impact on revenue & EBITDA

- Existing regulated products:
 - Average price decrease of 50% for regulated leased lines (direct impact)
 - Migration of commercial wholesale leased lines to BROTSOLL (indirect impact)
- Repositioning commercial wholesale leased lines:
 - In order to limit migration of commercial wholesale leased lines to BROTSOLL, prices of commercial wholesale leased lines will decrease



Impact 2009 (direct + indirect impact) for Service Delivery Engine (SDE):

- Revenue: ~ EUR 15 million
- EBITDA : ~ EUR 15 million

- Ethernet products:
 - pricing is submitted to price squeeze test.
 - Timing for regulated ethernet pricing is unknown