



> interim
report

Q3

2008

belgacom

Table of contents

HIGHLIGHTS	3
KEY FIGURES	4
BUSINESS UPDATE	5
FINANCIAL REPORT	8
QUARTERLY RESULTS	25
INTERIM FINANCIAL STATEMENTS	28
BELGACOM SHARE INFORMATION	36

Highlights

- *Continued growth of customer base*
- *Solid financial position*

Group financial results, status September 2008

- Group revenue of EUR 4,435 million, a year-over-year decrease of -2.6% or EUR -116 million. Positive contribution of Tango acquisition (the Luxembourg number two mobile player), growing TV and Data revenue eliminated by regulation impact of EUR -118 million
- Group operating expenses evolved positively by 1.2% to EUR 2,908 million
- Belgacom Group EBITDA margin kept stable at 34.4%
- Belgacom maintains a sound financial position end September 2008:
 - a net debt position of EUR 1,522 million, corresponding to 0.8x EBITDA
 - Free Cash Flow of EUR 457 million
 - debt maturing in near future limited
- The share buyback as approved by Board on 24 July 2008 in progress. By 4 November 2008, Belgacom bought back 5,268,825 shares for an average price of EUR 26.58 per share or a total amount of EUR 140 million

Operational results¹, status September 2008

- 137,820 TV users added in 2008; total TV customer base of 443,139 at the end of September 2008 with ARPU year-over-year up by 11% to EUR 17.6
- Growth of 200,510 mobile customers year-to-date September for Belgacom Group, of which 158,144 under own Proximus brand. Total mobile customer base of 4,820,742 end September 2008
- Belgacom Broadband customers grew by 77,992 year-to-date September, total customer base of 1,314,965
- Growing VoIP lines (+ 31,949 in 2008) limits the net voice access line loss to 150,524 over the first nine months of 2008

Outlook 2008

Regarding the 2008 full-year Group revenue, Belgacom estimates the decline to be around 2%, while it expects to stay within the EBITDA margin range of 33%-34%.

The Belgacom Group capex in percentage of revenue, is still expected to be about 11%, excluding the renewal of the Belgian first division soccer broadcasting rights.

¹ Operational results Tango not included

Key figures

Income Statement (EUR million)	Nine months ended 30 September	
	2007	2008
Total revenue before non-recurring items	4,551	4,427
Total revenue	4,551	4,435
EBITDA (1) before non-recurring items	1,607	1,519
EBITDA (1)	1,607	1,527
Depreciation and amortization	-581	-564
Operating income (EBIT)	1,026	962
Net finance revenue / (costs)	17	-63
Income before taxes	1,044	899
Tax expense	-248	-214
Net income (Group share)	796	685

Cash flows and Capital Expenditures (EUR million)	Nine months ended 30 September	
	2007	2008
Cash flows from operating activities	1,150	1,166
Capital expenditures	-408	-506
Cash flows from / (used in) other investing activities	247	-203
Free cash flow (2)	989	457
Cash flows used in financing activities	-485	-770
Net increase / (decrease) of cash and cash equivalents	505	-314

Balance sheet (EUR million)	As of 30 September	
	2007	2008
Balance sheet total	7,362	7,294
Non-current assets	5,049	5,223
Investments, cash and cash equivalents	800	467
Shareholders' equity	2,601	2,414
Minority interests	6	5
Liabilities for pensions, other post-employment benefits and termination benefits	812	760
Net financial position	-1,161	-1,522

Data per share	Nine months ended 30 September	
	2007	2008
Basic earnings per share (EUR)	2.38	2.09
Diluted earnings per share (EUR)	2.38	2.09
Weighted average number of ordinary shares	334,167,542	327,650,109

Data on employees	Nine months ended 30 September	
	2007	2008
Number of employees (full-time equivalents)	17,878	17,429
Average number of employees over the period	17,947	17,494
Total revenue per employee (EUR)	253,581	253,510
EBITDA (1) per employee (EUR)	89,543	87,267

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.

(2) Cash flow before financing activities.

The Belgacom Management Committee declares that to the best of its knowledge, the interim 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 interim 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, Michel De Coster, Executive Vice-President Enterprise, Astrid De Lathauwer, Executive Vice-President Human Resources, Ray Stewart, Executive Vice-President Finance and CFO, Grégoire Dallemagne, Executive Vice-President Strategy and Michel Georgis Executive Vice-President Consumer.

Business Update

Belgacom executing on its strategy

Convergence is key, leveraging superior national fixed and mobile assets

Belgacom continues to focus on its **convergence strategy**, building on its Fixed and Mobile assets.

Belgacom is the sole telecom provider in Belgium operating a nationwide fixed and mobile network, putting Belgacom in a good position to offer its customers flexible end-to-end telecom and IT solutions.

The **Consumer Business Unit (CBU)** objective is to increase the number of customers having multiple Belgacom products, moving customers from “single-play” to “multi-play”. This strategy is also supported by the launch of converged bundles, meaning that customers have a choice of product combinations including both fixed and mobile services. By end of September 2008, a total of 257,911 packs were sold, of which 27,352 in the third quarter of 2008. CBU intends to further increase the number of multi-play customers through enhanced, simplified and innovative product-packs.

Upturn of CBU drivers in third quarter

Although operating in a highly competitive market, CBU remains the number one national player for most product lines.

Over the first nine months of 2008, CBU gained 122,702 **mobile** customers, mainly under its own Proximus brand. During the third quarter 33,000 new customers were added, an upswing compared to the second quarter. The Mobile ARPU remains under pressure, mainly due to regulation of roaming prices combined with a low elasticity, and of customers switching to lower priced offers.

CBU strives for increased **Internet** penetration in Belgium. Despite strong competition in the Broadband market, CBU kept its national Broadband market share fairly stable. So far CBU has added 59,590 broadband customers in 2008. The third quarter saw 17,435 new Broadband connections, an improvement over the previous quarter mainly due to successful “September back to school” promotional offers. ARPU for the first nine months was relatively stable at EUR 30.2.

Over 443,000 TV users, i.e. a market share of about 30%

In the **Digital TV** domain, Belgacom has increased its market share from zero to about 30% in three years. End September, no less than 85% of Belgian households can be served by Belgacom TV and more than 54% can watch in High Definition. By the end of 2008, this will be over 60% of Belgian households.

The further roll-out of VDSL2 considerably raises capacity and visibly increases the take-up of second stream. So far, Belgacom gained a total of 137,820 TV users in 2008, including 51,679 in the third quarter. This brings the total TV customer base at the end of September 2008 to 443,139 TV users, including 53,651 second stream.

The TV ARPU continues its positive evolution and grew to EUR 17.9 for the third quarter. This continued improvement is driven by the success of on-demand services and a growing percentage of customers whose promotional offer has expired.

Simplified business offers through “Explore” platform

In the enterprise market, convergence is becoming a reality, blurring the frontiers between telecom and IT, fixed and mobile. Belgacom’s **Enterprise Business Unit (EBU)** is committed to simplifying customers’ ICT offer with quality guaranteed end-to-end managed solutions. To that end, EBU’s offerings are based on its ‘Explore’ platform, which is designed to enable customers to move from basic connectivity to an intelligent service platform facilitating fixed-mobile convergence. Currently, about 25,000 enterprise customer sites are on the explore platform. Competition on the professional market is tough in each product domain, but EBU is uniquely placed to become the preferred network-centric ICT service provider in Belgium and to be a reference with a European footprint.

Traditional telecom revenue is under pressure due to regulation, a progressive market saturation of low-end fixed internet, migration from professional internet to lower priced solutions and the ongoing migration from traditional voice access to future-proof VoIP solutions.

The main future growth poles for EBU are mobile data, managed ICT and International connectivity.

Restructuring ICT to support profitable growth

By leveraging Belgacom's international presence via Telindus and International Carrier Services (ICS), EBU will extend its Explore strategy internationally, mainly focusing on multinational companies.

The ICT domain has experienced an impact of the economic slowdown with sales projects being reduced and decision processes taking longer.

To strengthen its ICT position, Belgacom EBU is narrowing its scope and focus to core ICT products & services and limiting its presence to six core countries: Belgium, the Netherlands, France, Luxembourg, Spain and UK. These core countries have the critical mass which is needed to grow a profitable business. To date, Belgacom has divested its Telindus presence in Hungary (December 2007), Thailand (Q1 2008) and Germany (Q3 2008). The remaining non-core countries will be divested in the coming months.

This divestment program will probably entail losses on disposal, which will be reported as non-recurring expenses in the fourth quarter.

Future-proof network investments within stable capex ratios

Belgacom continues to successfully implement its convergence strategy thanks to the superior quality of both its Mobile and Fixed networks. Investments in the network and IT by Belgacom **Service Delivery Engine (SDE)** allow the business to stay on top of continuous innovations and the growing need for bandwidth.

Belgacom ranks highly in terms of Broadband penetration with about 99.85% of households covered. In 2004 Belgacom started to upgrade its Broadband network to VDSL via its Broadway project. In four years time, Belgacom has rolled out 12,780 km of fibre to the street cabinet and connected 15,500 remote platforms, reaching a population coverage level of 64% at the end of September 2008. Belgacom SDE will increase the VDSL2 coverage to 80% by mid-2011. The VDSL2 network delivers a capacity up to 20 Mbps, allowing customers to easily watch two HD-channels and surf on the internet at the same time.

Belgium's favorable topology and high population density allow investments to be limited to very reasonable levels.

To date, the whole Broadway project required about EUR 440 million capex, of which EUR 70 million was spent in 2008. To get to the 80% coverage level, Belgacom estimates an additional capex need of about EUR 160 million.

Belgacom was also the first mobile operator in Belgium to invest in 3G, upgraded this to HSDPA, and has now a population coverage of 89.9%. Since the launch of 3G, the total capex spending totals about EUR 430 million.

In 2008 SDE also started its business transformation project "Move to All IP", entailing a full re-engineering of the network, IT systems and processes. This will allow Belgacom to deliver a continuous superior customer experience, offer a more and more converged product portfolio and become more efficient as a company. MaIP enables Belgacom to launch the currently running restructuring program, which leads to a gradually lower employee population over the next 4 years. The so far invested capital on the MaIP-project is limited. But even future capex spendings on MaIP will stay within Belgacom's normal capex run rate.

Grow through in-market acquisitions

In addition to investing in organic growth, Belgacom seeks also to grow through attractive in-market deals. In this context, Belgacom announced, in February, the acquisition of **Scarlet**, subject to approval by the competition authorities. This no frills provider offers fixed and mobile voice, internet and data services and this for both residential and business customers. Under the Scarlet brand, Belgacom will be able to address a new segment of the market, complementing its own offer of products and services.

The mobile-payment market is also a growing area in which Belgacom wants to take part. To that end, in July 2008, Belgacom acquired **Mobile-for**, a company that specialized in mobile payments for parking services.

Disciplined stance on international M&A

In the meantime, Belgacom continues to monitor growth opportunities outside of Belgium. However, deals that create shareholder value are not that common. Belgacom's management is

maintaining its historic discipline by using very strict financial criteria to evaluate potential deals and analysis of synergies.

As such, **Tele2 Luxembourg** fits the Belgacom strategy. In June this year, Belgacom announced the acquisition of Tele2 Luxembourg, operating under the name “Tango”. Under the well-established Tango brand, Belgacom thus gained 238,000 mobile customers, i.e. 39% share of the Luxembourg mobile market. By leveraging Telindus’s presence in Luxembourg, Tango creates opportunities to further penetrate the Luxembourg corporate market.

Very sound
balance sheet

Belgacom maintains a solid financial position. As at 30 September 2008, Belgacom had a net debt position amounting to EUR 1.5 billion, corresponding to 0.8x EBITDA, the lowest in the European telecom sector. At the same date, the outstanding financial debt amounted to EUR 1.9 billion, most of it maturing in 2011 and 2016 except the floating rate note of EUR 300 million which will mature in November 2009.

For EUR 140m
shares bought
back

The share buy-back program as approved by the Board of Directors on 24 July 2008 for a maximum amount of EUR 200 million is in progress. On the 4th of November 2008 Belgacom had bought 5,268,825 shares back for a total amount of EUR 140,032,485.

Regulation

Tough regulation
squeezes revenue
growth

The telecom sector in general is subject to severe regulation and this situation is no different for Belgacom. During the first nine months of 2008, revenues were negatively impacted for a total amount of EUR 118 million. This is the combined impact of tariff regulation of Roaming, Mobile Termination rates and the pass-through to fixed-to-mobile rates.

Mobile Termination Rates in Belgium are characterized by an exceptionally high asymmetry between the leading mobile player, Proximus, and the second and third mobile operator. The decision of the BIPT at the end of 2007 to reduce this asymmetry by half was suspended by the Brussels Court of Appeal. As a result, the BIPT decided to revert to the previous asymmetries as from May 2008. The Belgian regulator has announced a new review of the mobile termination rates that will start in November 2008 but without any firm timing as to when a new decision will be taken.

As a consequence of the lowered MTRs, Belgacom reduced its tariffs for fixed-to-mobile traffic. So far, the overall revenue impact resulting from the MTR cuts and the flow through to consumer prices, amounts to EUR 47 million for 2008.

In June 2007, the European Commission introduced a regulation setting retail and wholesale caps on prices of **voice call roaming**. This regulation entered into effect in September 2007, cutting the rates by half. The second cut took place in August 2008, reducing roaming rates further by between 6% and 8%. To date, the roaming regulation reduced the 2008 revenues by EUR 71 million.

Following its relevant market decision on 17 January 2007 to designate Belgacom as significant market player (SMP) on the **Wholesale Terminating Segments of Leased Lines**, BIPT decided on 3 September 2008 on the pricing of regulated wholesale leased lines. This decision would imply an average price decrease of 50% for regulated leased lines.

Belgacom has to apply the new price structure as from January 2009.

Belgacom is appealing against the market analysis supporting the relevant BIPT decisions. A ruling on the merit is expected in the first quarter of 2009.

For the regulated ethernet point-to-point lines the pricing is currently subject of a price squeeze test by the BIPT. The timing for a regulated ethernet pricing is still unknown.

Financial report

Belgacom Group

Revenue

Over the first nine months of 2008, Belgacom reports a total revenue of EUR 4,435 million, including the revenue generated by Tango. As from August 2008, Tango is consolidated as part of the Consumer Business Unit.

	Nine months ended 30 September				Variance 2007/2008
	2007		2008		
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	1,677	37%	1,660	38%	-1.0%
Enterprise Business Unit	2,072	46%	2,016	46%	-2.7%
Service Delivery Engine	393	9%	315	7%	-19.9%
Staff & Support	38	1%	24	1%	-36.5%
International Carrier Services	561	12%	582	13%	3.7%
Inter-segment eliminations	-191	-4%	-171	-4%	-10.7%
Total	4,551	100%	4,427	100%	-2.7%
Non-recurring revenue	0		8		-
Total	4,551		4,435		-2.6%

The year-over-year revenue decrease of EUR 116 million is mainly driven by Mobile regulation. Regulation of MTRs and the flow-through to fixed-to-mobile tariffs significantly impacted the two customer divisions while Roaming regulation also had a considerable impact on SDE revenues. Roaming regulation was introduced late in the third quarter of 2007 and therefore still has a high impact on the year-over-year variance, with a total of EUR 71 million. In the fourth quarter, the effect of roaming regulation on the year-over-year variance will almost fully disappear. Over the first nine months of 2008, regulation of Roaming, MTRs and the flow-through to fixed-to-mobile tariffs reduced the Group revenue by a total of EUR 118 million.

year-over-year variance in million €	CBU	EBU	SDE	S&S	ICS	Inter- segment	NR revenue	Group
Total revenue variance	-17	-56	-78	-14	21	20	8	-116
Roaming regulation impact	-18	-35	-18					-71
MTR regulation impact	-17	-11	-1			7		-22
Decrease of Fixed to Mobile tariffs	-9	-16						-25
One time gains				-14				-14
National transit traffic decrease			-29			21		-8
Disposal of Certipost							8	8
Remaining variance	27	6	-29	0	21	-8	0	17

Operating expenses before depreciation and amortization

(EUR million)	Nine months ended 30 September		
	2007	2008	Variance 2008/2007
Costs of materials and charges to revenue	1,497	1,435	-4.1%
Personnel expenses and pensions	848	843	-0.6%
Other operating expenses	599	630	5.2%
Total	2,944	2,908	-1.2%

The Group operating expenses decreased year-over-year by EUR 36 million or 1.2% to a total of EUR 2,908 million.

Cost of material and charges to revenue were EUR 62 million lower (-4.1%) compared to September 2007, this despite the retroactive change of MTRs, impacting both CBU and EBU. (amount still disputed)

While for the third quarter the other operating expenses were flat year-over-year, the year-to-date September other operating expenses increased by EUR 31 million or 5.2%. This was mainly due to one time items a.o. a provision for rental costs of the Proximus Boreal building and closing down costs related to Telindus International.

The year-to-date September personnel expenses and pensions were slightly lower compared to the same period of the previous year. The Group's number of employees decreased year-over-year by 449 full-time equivalents (FTEs) to 17,429 FTEs. This headcount decrease, driven by restructuring programs and natural attrition (301 FTEs), offset the pressure on wages by indexation and salary increases. Belgacom wages have been impacted by automatic indexation of salaries, as stipulated by law. Over the first nine months of 2008, salaries have increased by an average of 2.2% due to indexation. A third salary indexation of 2% is applied as of October 2008. The total wage increase for 2008 as a result of the three salary indexations is estimated at an average of 2.8%.

Belgacom expects that the cost of the current employee restructuring plans will increase because of more employees leaving the company in 2009 for the external mobility project and because of the higher wage indexation. The resulting total non-recurring costs to be provisioned in the fourth quarter 2008 is currently estimated at about EUR 50 million.

The launched ICT restructuring program, divesting Telindus' presence in non-core countries, will probably entail losses on disposal, which will also be reported as a non-recurring expense at year-end.

Operating income before depreciation and amortization (EBITDA)

The Belgacom Group reports a total EBITDA of EUR 1,527 million, a year-over-year decrease of 5%, including Tango. The positive cost evolution could not offset the regulatory pressure on revenues.

	Nine months ended 30 September				Variance 2007/2008
	2007		2008		
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	849	53%	835	55%	-1.6%
Enterprise Business Unit	980	61%	953	63%	-2.8%
Service Delivery Engine	-11	-1%	-49	-3%	-
Staff & Support	-249	-16%	-266	-17%	-6.6%
International Carrier Services	38	2%	46	3%	21.9%
Inter-segment eliminations	1	0%	0	-0%	-
Total	1,607	100%	1,519	100%	-5.5%
Non-recurring revenue	0		8		
Total	1,607		1,527		-5.0%

Depreciation and amortization

Depreciation and amortization decreased from EUR 581 million in the first nine months of 2007 to EUR 564 million for the same period in 2008. The decrease results from the lower SDE asset base, more than offsetting the higher depreciation of CBU.

Net finance result

The year-over-year variance in the net finance result, going from EUR 17 million in September 2007 to EUR -63 million in 2008, is explained by the gains realized on the disposal of the remaining interests in Mobistar and Eutelsat Communications for an amount of EUR 74 million in 2007.

Tax expense

Tax expenses amounted to EUR 214 million for the first nine months of 2008, representing a fairly stable effective tax rate of 23.8% compared to the same period in 2007. The effective tax rate is based on the application of general principles of Belgian tax law. The effective tax rate is lower than the standard corporate rate of 33.99% as a result of the notional interest deduction (reference Belgian law) and non-taxable income from subsidiaries.

Net income (Group Share)

As a result of the decreasing EBITDA and the capital gains realized in 2007, the net income decreased year-over-year from EUR 796 million to EUR 685 million.

Capital expenditure (Capex)

(EUR million)	Nine months ended 30 September				Variance 2007/2008
	2007		2008		
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	37	9%	156	31%	325.6%
Enterprise Business Unit	15	4%	14	3%	-8.6%
Service Delivery Engine	324	79%	303	60%	-6.4%
Staff & Support	26	6%	27	5%	5.2%
International Carrier Services	7	2%	6	1%	-11.2%
Total	408	100%	506	100%	24.0%

The year-over-year capex increase for the Consumer Business Unit is primarily explained by the renewal of the broadcasting rights for Belgian football. A total amount of EUR 105 million was capitalized in the second quarter of 2008. The remaining variance is mainly driven by the renewal of contracts for TV content.

Over the first nine months of 2008, Service Delivery Engine spent EUR 21 million less than over the same period last year. This is mainly due to timing differences related to 3G investments and which have been delayed to the fourth quarter.

During the first nine months of 2008, TV investments amounted to EUR 55 million including settop boxes and investments in the TV platform.

SDE spent EUR 70 million on the Broadway project (fibre to the street cabinet and VDSL) to reach 64% active VDSL coverage by the end of September 2008.

The Staff & Support capex increase is chiefly attributable to an extensive office renovation project (Active Office), optimizing office space usage by allowing about 2,000 additional employees in the headquarter building.

Excluding the football broadcasting rights, the year-to-date capex on revenue ratio is 9%. With the planned investments in the fourth quarter, Belgacom still believes it will end the year with a ratio of about 11%.

Cash flows

(EUR million)	Nine months ended 30 September	
	2007	2008
Cash flows from operating activities	1,150	1,166
Capital expenditures	-408	-506
Cash flows from / (used in) other investing activities	247	-203
Cash flow before financing activities or "free cash flow"	989	457
Cash flows used in financing activities	-485	-770
Net increase / (decrease) of cash and cash equivalents	505	-314

The cash flow from operating activities increased from EUR 1,150 million in the third quarter of 2007 to EUR 1,166 million in the third quarter of 2008 as the unfavorable evolution of the EBITDA was more than offset by the favorable evolution of the working capital, mainly driven by the acquisition of the football broadcasting rights that will be paid over three years.

Over the first nine months of 2008, Belgacom generated a free cash flow of EUR 457 million. Year-over-year, capital expenditures increased from EUR 408 million to EUR 506 million, due to the acquisition of the football broadcasting rights. Cash inflows linked to other investing activities decreased by EUR 450 million mainly due to the acquisition of Tango in the third quarter of 2008 for an amount of EUR 207 million net of cash compared to a significant cash-inflow following the disposal of the remaining interests in Mobistar and Eutelsat Communications in 2007 which generated EUR 242 million.

The cash flow used in financing activities was mainly impacted by the completion in 2008 of the share buy-back program launched in October 2007, the higher dividend granted to the shareholders and the new share buy-back program launched on 4 August 2008.

As a result, the cash and cash equivalents decreased year-over-year by EUR 819 million.

Balance sheet and shareholders' equity

The acquisition of Tango generated a goodwill of EUR 168 million based on a provisional purchase price allocation. As a consequence, the Group's goodwill increased from EUR 1,777 million at year-end 2007 to EUR 1,948 million on 30 September 2008.

The shareholders' equity decreased from EUR 2,520 million at year-end 2007 to EUR 2,414 million in September 2008 as the net acquisition of treasury shares for an amount of EUR 241 million and the distribution of dividends to shareholders for an amount of EUR 550 million exceeded the net income of EUR 685 million. In the same period, Belgacom employees also exercised 248,963 stock options.

As approved by the Board of Directors on 28 February 2008, Belgacom granted 795,197 stock options to its senior management in April 2008. The exercise price of EUR 29.14 is based on the closing price of 18 April 2008. These options become one-third vested after one year, two-thirds vested after two years and fully vested after three years, and are exercisable until 20 April 2015.

Belgacom continues to have a sound financial position. As of 30 September 2008, Belgacom had a net debt position amounting to EUR 1,522 million, corresponding to 0.8x EBITDA. The outstanding financial debt amounted to EUR 1.9 billion at the same date, most of it maturing in 2011 and 2016 except the floating rate note of EUR 300 million which will mature in November 2009.

In terms of future financing needs, Belgacom has a strong cash flow generation to fund its organic growth and shareholder remuneration.

Belgacom recently updated the EMTN program to EUR 2.5 billion: the program was increased from USD 2.5 billion to EUR 2.5 billion and the possibility of retail bond offering was added. Belgacom also has more than EUR 1 billion of unused short-term and long-term bilateral agreements and a syndication facility and a EUR 1 billion Commercial Paper program.

Outlook

Regarding the 2008 full-year Group revenue, Belgacom estimates the decline to be around 2%, while it expects to stay within the EBITDA margin range of 33%-34%.

The Belgacom Group capex in percentage of revenue, is still expected to be about 11%, excluding the renewal of the Belgian first division soccer broadcasting rights.

Consumer Business Unit - CBU

CBU revenue

CBU reported EUR 1,660 million revenue over the first nine months of 2008, including a negative impact from regulation on Roaming, MTR and the flow through to fixed-to-mobile tariffs for a total amount of EUR 44 million. The revenue pressure from regulation was partly offset by the acquisition of Tango and the revenue growth of TV and Data.

Excluding regulation the September CBU revenue year-to-date increased by EUR 27 million or 1.6%.

In June 2008, within the framework of its cross-border strategy, Belgacom announced the acquisition of Tele 2 Luxembourg, the second mobile operator in Luxembourg, operating under the well know brand name "Tango". With this acquisition, Belgacom will extend its footprint in a neighboring country. Tango's financial results have been fully integrated in the Consumer Business Unit since August 2008. However, since the definitions (e.g. "active" mobile customer) of the operational results are still being aligned, Tango's customers are not yet included in CBU's reported operational results.

Key Figures Tango

	2007 <i>Pro Forma</i>	August- September 2008	Variance
Revenues (EUR million)	-	17	
Ebitda (EUR million)	-	6	
Customers (thousands)			
Mobile	232	244	12
Fixed voice	24	23	-1
Broadband	8	11	3

CBU Operating expenses before depreciation and amortization

Despite the cost contribution of Tango, CBU managed to keep its operating costs under control, resulting in a year-over-year decrease in total operating expenses of 0.4%.

As a result of lower roaming charges, the costs of materials and charges to revenue showed a positive evolution of 2.4% to EUR 389 million.

The year-over-year headcount reduction by 31 FTEs could not fully offset the impact from the annual wage increase, indexation and the cost contribution of Tango. This led to an 0.8% increase of personnel expenses and pensions over the first nine months of 2008.

The 2.2% increase in other operating expenses mainly results from the impact of Tango.

CBU operating income before depreciation and amortization (EBITDA)

The slight decrease in operating expenses was not sufficient to offset the revenue pressure by regulation. Compared to the first nine months of 2007, the EBITDA declined 1.6% to EUR 835 million.

CBU operating income (EBIT)

The operating income of CBU declined 4.0% to EUR 762 million year-over-year as a result of the lower EBITDA combined with a higher depreciation caused by the increased number of rented set-top boxes and higher depreciations linked to the new football broadcasting rights.

(EUR million)	Nine months ended 30 September		
	2007	2008	Variance 2007/2008
TOTAL SEGMENT REVENUE	1,677	1,660	-1.0%
Costs of materials and charges to revenue	-399	-389	-2.4%
Personnel expenses and pensions	-238	-240	0.8%
Other operating expenses	-192	-196	2.2%
TOTAL OPERATING EXPENSES before depreciation & amortization	-829	-826	-0.4%
TOTAL SEGMENT RESULT (1)	849	835	-1.6%
<i>Segment contribution margin</i>	<i>51%</i>	<i>50%</i>	
Depreciation and amortization	-55	-73	32.9%
OPERATING INCOME	794	762	-4.0%

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

CBU detailed revenue & operating review

Despite competitive and regulatory challenges in the residential market, CBU has been able to deliver solid operational results in the third quarter of 2008. CBU managed to further stabilize the fixed line erosion (-39,000) while continuing to add TV (+52,000) and broadband (+17,000) customers at the same pace as in the third quarter of 2007. On the mobile side, the market is still highly driven by acquisitions through MVNO's. However in the third quarter, CBU acquired 33,000 new mobile customers, all under its own brand name 'Proximus'.

By leveraging Belgacom's fixed and mobile networks, CBU continues to push for multi-play offers and combined products & services through "packs". By end September 2008, close to 258,000 packs were sold, of which 27,000 in the third quarter.

(EUR million)	Nine months ended 30 September			
	2007	2008	Variance	Variance %
Revenues	1,677	1,660	-17	-1.0%
From Fixed	848	847	0	0.0%
Voice	496	449	-47	-9.6%
Data	217	233	17	7.7%
TV	29	62	33	115.7%
Terminals (excl. TV)	48	44	-5	-9.8%
Other	58	60	2	3.8%
From Mobile	830	813	-17	-2.0%
Voice	590	548	-43	-7.2%
Data	201	206	5	2.6%
Terminals	32	33	0	1.1%
Other	6	26	20	326.1%

CBU's fixed revenue is flat compared to the same period last year. For the first nine months of 2008, the growth in data and TV offset the decline in voice. Excluding regulation, CBU revenue from fixed increased 1%

- Although net voice line loss stabilized compared to the same period of last year (-127,000 versus -128,000 in 2007) it is still an important driver of the **fixed voice** revenue erosion. Over the first nine months of 2008, Belgacom CBU voice equilines showed a decline of 155,554 while adding 28,682 VoIP lines, bringing the net line loss to 126,872. Another important element is the decrease of fixed-to-mobile rates (flow-through of MTR cuts), reducing the year-to-date revenue by EUR 9 million. So far, Belgacom applied three price reductions for the fixed-to-mobile tariffs: in May 2007, in April 2008 and in July 2008. Both regulation and flat rate plans put a negative pressure on the fixed voice ARPU, which decreased year-over-year by 2.8%.
- The **Broadband** volumes increased year-over-year by 84,017 lines or 10.6% resulting in a **fixed data** revenue growth of 7.7%. Compared to end September 2007, the broadband ARPU slightly decreased from EUR 30.6 to EUR 30.2 driven by packs.

- **Belgacom TV** revenue increased EUR 33 million or +116% compared to the same period last year. This was driven by the growing customer base (+193,705 customers year-over-year or +78%) and the higher ARPU (from EUR 15.8 to EUR 17.6). Product enhancements, packs including TV, as well as the increased population coverage of the VDSL2 technology continued to have a positive impact on the number of net adds in 2008. During the first nine months, CBU added 137,820 TV users of which 29,028 are second stream users. The TV ARPU growth of 11.4% was driven by an increase in services such as Comfort View and Video on Demand and by the growing percentage of customers whose promotional offers have expired and who are now paying the listed price for Belgacom TV.

CBU **Mobile** revenue decreased EUR 17 million year-over-year or 2.0% including a negative impact by Roaming and MTR regulation for a total amount of EUR 35 million. Excluding regulation, CBU revenue from mobile increased 2.1 % mainly driven by the revenues generated by Tango.

- Over the first nine months of 2008, CBU **mobile voice** revenue, including credits and discounts, amounted to EUR 548 million, this is EUR 43 million or 7.2% lower than in 2007. The positive evolution of the customer base and the more favorable customer portfolio (38% postpaid compared to 36% in 2007) partially offset the impact of mobile regulation. (EUR -35 million)
- Over the first three quarters of 2008 CBU acquired 122,702 new **mobile customers** mainly via its own brand 'Proximus'. At the end of September 2008, the mobile residential customer base reached a level of 3,704,865 mobile customers.
- **SMS volumes** increased significantly, mainly as a result of successful migrations to pricing plans offering free SMS to the users. However, even without free usage the SMS volumes are growing by 8.3% (from 53.5 SMSs to 57.9 SMSs) and this positively influenced CBU's **mobile data** revenue. Including credits and discounts, the mobile data revenue increased by EUR 5 million or 2.6%, partly offsetting the decline in mobile voice revenues. Representing 25% of mobile revenue, mobile data increasingly contributes to the CBU revenue.
- The mobile **blended net ARPU**, including the impact of the credits and discounts, decreased 10.0 % to EUR 23.1 as a result of the migration to lower pricing plans and regulation. Excluding regulation, the net ARPU declined by 5.8%.
- The positive evolution of other mobile revenues is driven by the contribution of Tango.

OPERATIONALS	Nine months ended 30 September			
	2007	2008	Variance	Variance %
FROM FIXED				
Number of access channels (thousands)	3,162	3,078	-85	-2.7%
PSTN	2,320	2,125	-195	-8.4%
ISDN	49	42	-7	-14.3%
IP	2	35	33	-
ADSL, VDSL	792	876	84	10.6%
Traffic (millions of minutes)	3,652	3,570	-82	-2.2%
National	3,098	2,973	-125	-4.0%
Fixed to Mobile	325	310	-15	-4.6%
International	229	287	58	25.1%
TV (thousands)	249	443	194	77.7%
Of which TV-second stream users	19	54	35	
ARPU (EUR)				
ARPU Voice ¹	22.0	21.4	-0.6	-2.8%
ARPU broadband ²	30.6	30.2	-0.4	-1.4%
ARPU Belgacom TV ³	15.8	17.6	1.8	11.4%
FROM MOBILE				
Number of active customers ⁴ (thousands)	3,489	3,705	216	6.2%
Prepaid	2,233	2,228	-5	-0.2%
Postpaid	1,243	1,393	150	12.1%
MVNO	13	84	71	-
Annualized churn rate ⁵ (blended - variance in p.p.)	17.5%	19.8%		
Net ARPU ⁶ (EUR)				
Prepaid	16.1	14.5	-1.6	-9.9%
Postpaid	44.6	37.9	-6.7	-15.0%
Blended	25.7	23.1	-2.5	-9.9%
Blended voice	19.2	16.8	-2.3	-12.2%
Blended data	6.5	6.3	-0.2	-3.3%
UoU ⁷ (units)	192.3	219.2	26.9	14.0%
MoU ⁸ (min)	112.6	116.3	3.6	3.2%
SMS ⁹ (units)	80.2	103.7	23.5	29.3%

- (1) ARPU Voice is equal to 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.
- (2) ARPU Broadband is equal to 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.
- (3) ARPU Belgacom TV includes only customer-related revenue and takes into account promotional offer, divided by the total average customer base including second stream users.
- (4) 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.
- (5) Annualized churn is the total annualized number of retail SIM cards (postpaid + prepaid) disconnected from the Belgacom Mobile network (including the total number of port-outs due to mobile number portability) during the given period, divided by the average number of retail customers for that period.
- (6) ARPU has been 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.
- (7) UoU (Units of Use): voice minutes of use + SMS (where one SMS equals one minute) per active customer per month.
- (8) MoU (Minutes of Use): duration of all calls from or to Proximus, per active voice customer . per month.
- (9) SMS: number of SMS per active customer per month.

Enterprise Business Unit - EBU

EBU revenue

EBU reported a revenue of EUR 2,016 million for the first nine months of 2008, including a negative impact from regulation on roaming, MTR and the flow-through to fixed-to-mobile tariffs for a total amount of EUR 62 million. Excluding the negative impact from regulation, EBU revenue grew slightly by 0.3%.

Revenue in the third quarter of 2008 was EUR 651 million or EUR 30 million lower than the third quarter of 2007. The revenue decline was mainly due to a negative impact from regulation. Especially roaming regulation still had a significant negative effect on revenues in the third quarter of 2008, amounting to EUR 15 million. Since roaming regulation took full effect from the fourth quarter of 2007 onwards, the year-over-year variance is expected to become almost negligible in the last quarter of 2008.

The third quarter is also characterized by lower traffic volumes, a consequence of the summer holidays, affecting revenue and hence ARPU's.

The third quarter confirmed that the EBU ICT domain is not fully immune to the economic slowdown, especially for the non-core countries.

EBU operating expenses before depreciation and amortization

Compared to last year, the positive evolution in EBU costs of material and charges to revenue of 6.6% to EUR 629 million has been mainly driven by lower roaming charges, termination costs and the disposal of the Satellite services.

Over the first nine months, EBU personnel expenses totaled EUR 306 million, which is fairly flat compared to last year. Compared to a year ago, EBU has 146 FTEs less. The decreasing headcount as well as lower severance payments offset the impact of salary indexation.

Other operating expenses increased 15.6%, including a one-time cost concerning Telindus International booked in the second quarter of 2008.

EBU operating income before depreciation and amortization (EBITDA)

Compared to the first three quarters in 2007, the EBU EBITDA declined by 2.8% to EUR 953 million, as the favorable cost evolution does not fully offset the revenue decline.

EBU operating income (EBIT)

The lower depreciation & amortization partly compensates for the EBITDA decrease, leading to an operating income of EUR 937 million.

Enterprise Business Unit

(EUR million)	Nine months ended 30 September		
	2007	2008	Variance 2007/2008
TOTAL SEGMENT REVENUE	2,072	2,016	-2.7%
Costs of materials and charges to revenue	-674	-629	-6.6%
Personnel expenses and pensions	-307	-306	-0.4%
Other operating expenses	-111	-128	15.6%
TOTAL OPERATING EXPENSES before depreciation & amortization	-1,092	-1,063	-2.6%
TOTAL SEGMENT RESULT (1)	980	953	-2.8%
<i>Segment contribution margin</i>	47%	47%	
Non-recurring revenue	-	8	-
OPERATING INCOME before depreciation & amortization	980	961	-2.0%
Depreciation and amortization	-33	-24	-27.4%
OPERATING INCOME	947	937	-1.1%

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

EBU detailed revenue & operating review

(EUR million)	Nine months ended 30 September			
	2007	2008	Variance	Variance %
Revenue	2,072	2,016	-56	-2.7%
From Fixed	1,444	1,398	-46	-3.2%
Voice	496	458	-38	-7.7%
Data	318	304	-13	-4.2%
ICT	554	557	3	0.6%
Terminals	57	57	1	0.9%
Other	20	21	2	8.6%
From Mobile	628	618	-10	-1.6%
Voice	509	476	-33	-6.6%
Data	96	120	24	25.1%
Terminals	16	15	-1	-9.1%
Other	6	7	1	15.4%

EBU revenue from fixed decreased by EUR 46 million or 3.2%. This includes EUR 16 million regulation impact (Fixed-to-Mobile tariff decrease). Excluding regulation, EBU revenue from fixed decreased 2.1%.

- The **fixed voice** revenue variance is significantly impacted by the consequences of mobile regulation. Belgacom lowered its fixed-to-mobile tariffs in May 2007, in April 2008 and again in July 2008 following the decreased mobile termination rates. Over the first nine months these price adjustments negatively affected EBU's fixed voice revenue by EUR 16 million. The remainder of the revenue variance is caused by the substitution to data and the year-over-year loss in access lines.

The third quarter is visibly impacted by the holiday season, resulting in lower traffic volumes and hence ARPU. The ARPU of the third quarter was EUR 30.4, lowering the year-to-date average to EUR 31.8.
- Over 2008, EBU managed to keep its net voice line loss fairly stable due to an increasing number of VoIP lines, close to 4,000 end September 2008.
- The data revenue decrease of EUR 13 million or 4.2% is fully due to the disposal of Belgacom's Satellites activities in November 2007. Excluding this divestment the Data revenue would be increasing slightly as a result of the growing Broadband customer base (+ 29,000 year-over-year). Tough competition in the business segment and a progressive saturation of the low-end fixed internet market, somehow tempers the growth. Nevertheless, so far in 2008, EBU has added a total of 18,000 broadband customers.

- The year-to-date September ICT revenues increase only slightly (+0.6%). Especially the third quarter results show a year-over-year weakness, confirming some exposure to the economic slowdown. The revenue pressure is mainly coming from the non-core countries. To strengthen its ICT position, Belgacom is narrowing its scope and focus on core ICT products & services and limiting its presence to core countries (Belgium, the Netherlands, France, Luxembourg, Spain and UK). EBU launched a full review of its international presence, leading to divestments of countries that do not have the needed critical mass. So far, EBU has divested its Telindus presence in Hungary (December 2007), Thailand (Q1 2008) and Germany (Q3 2008). A divestment process for the remaining non-core countries is currently underway.

EBU generated EUR 618 million **mobile revenues**, or EUR 10 million lower compared to the previous year. Mobile regulation however reduced the revenue by EUR 46 million, mainly due to roaming regulation. Excluding regulation, the underlying mobile business grew 5.8% on a year-over-year basis.

- Compared to 2007, EBU **mobile voice** revenue, including credits and discounts, showed a EUR 33 million or 6.6% decline. The growing mobile customer base (+111,283 year-over-year) could not offset the regulatory pressure. Over 2008 EBU's mobile customer portfolio grew by 78,000 to 1,115,877 active customers. 23,000 were added in the third quarter of 2008.
- Revenue from **Mobile data** grew year-to-date September by EUR 24 million or 25.1%, largely driven by advanced data. Products and applications such as the VMCC cards, Blackberry, and 3G grew year-over-year by 31.7% and represents 64% of total mobile data revenue at the end of the third quarter 2008. The remaining 26% of mobile data revenue is generated by SMS for a total amount of EUR 43 million. SMS volumes grew year-over-year by 14.4%.
- The **net mobile ARPU**, including the impact of the credits and discounts, decreased 12.1% compared to the same period last year. This decrease is mainly a consequence of a higher level of credits and discounts given to the customer, of pricing plan migrations and regulation. Excluding the impact of regulation, the net ARPU declined by 5.5%.

EBU operationals

OPERATIONALS	Nine months ended 30 September			
	2007	2008	Variance	Variance %
FROM FIXED				
Number of access channels (thousands)	1,996	1,993	-3	-0.1%
PSTN	706	682	-24	-3.4%
ISDN	880	868	-11	-1.3%
IP	0	4	4	-
ADSL, VDSL	410	439	29	7.0%
Traffic (millions of minutes)	2,950	2,754	-196	-6.6%
National	2,048	1,889	-160	-7.8%
Fixed to Mobile	559	534	-26	-4.6%
International	342	331	-11	-3.2%
ARPU (EUR)				
ARPU Voice ¹	33.8	31.8	-2.0	-5.9%
ARPU Broadband ²	42.3	40.7	-1.6	-3.8%
FROM MOBILE				
Number of active customers ³ (thousands)	1,005	1,116	111	11.1%
Pre-paid*	0	0		-
Post-paid	1,005	1,116	111	11.1%
MVNO	0	0		-
Annualized churn rate ⁴ (blended - variance in p.p.)	8.7%	9.7%		
Net ARPU ⁵ (EUR)				
Postpaid	69.9	61.4	-8.5	-12.1%
Postpaid voice	58.8	49.0	-9.8	-16.6%
Postpaid data	11.1	12.4	1.3	11.6%
UoU ⁶ (units)	398.5	393.6	-4.9	-1.2%
MoU ⁷ (min)	372.8	368.2	-4.6	-1.2%
SMS ⁸ (units)	46.3	53.0	6.7	14.4%

* Prepaid fully segmented as CBU

- (1) ARPU Voice is equal to 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.
- (2) ARPU Broadband is equal to 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.
- (3) Active customers are customers who have made or received at least one call or sent or received at least one SMS in the last three months.
- (4) Annualized churn is 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.
- (5) ARPU has been 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.
- (6) UoU (Units of Use): voice minutes of use + SMS (where one SMS equals one minute) per active customer per month.
- (7) MoU (Minutes of Use): duration of all calls from or to Proximus, per active voice customer per month.
- (8) SMS: number of SMS per active customer per month.

Service Delivery Engine - SDE

SDE revenue

At the end of September 2008 SDE revenue reached a level of EUR 315 million, showing a decrease of 19.9% or EUR 78 million compared to last year.

The year-to-date September revenue of 2008 was mainly impacted by:

- the change in routing of Proximus-Base traffic from Transit to direct interconnect (EUR -29 million, largely eliminated at Group level);
- Mobile regulation, especially roaming-in (EUR -19 million);
- the lower interconnect traffic revenue from Pay Services (090x and 070 numbers) resulting from the Royal Decree applicable as from April 2008, including new rates and maximum calling time;
- the lower revenue coming from regulated products because of a cut in broadband prices, a shift to lower priced Broadband products, a slowdown in Broadband growth and lower traffic volumes.

SDE operating expenses before depreciation and amortization

Costs of materials and charges to revenue were year-over-year EUR 41 million lower, primarily driven by the decline in the low-margin national transit traffic and the lower interconnection traffic volumes. Similarly to the revenues, most of the positive impact related to the transit traffic of Proximus has been eliminated at Group level.

Despite the annual wage increase and indexation, SDE **personnel-related costs** show a decrease of EUR 6 million or 3.7% compared to last year. This decrease results from the positive effect of headcount reductions (-174 FTE).

The increase in **other operating expenses** of 5.4% is mainly due to an exceptional credit note which was booked in the first quarter of 2007 and higher 2008 costs related to studies for IT applications and enhancements.

SDE operating income before depreciation and amortization (EBITDA)

Besides the transit traffic revenue, the unfavorable evolution in EBITDA compared to last year is fully explained by the declining SDE revenues.

SDE operating income (EBIT)

Depreciation and amortization decreased by EUR 32 million as a result of a lower asset base. This resulted in a total operating loss of EUR -426 million or a decline of 1.5% compared to last year.

(EUR million)	Nine months ended 30 September		
	2007	2008	Variance 2007/2008
TOTAL SEGMENT REVENUE	393	315	-19.9%
Costs of materials and charges to revenue	-115	-74	-36.0%
Personnel expenses and pensions	-165	-159	-3.7%
Other operating expenses	-125	-131	5.4%
TOTAL OPERATING EXPENSES before depreciation & amortization	-405	-364	-10.0%
TOTAL SEGMENT RESULT (1)	-11	-49	-
<i>Segment contribution margin</i>	<i>-3%</i>	<i>-15%</i>	
Depreciation and amortization	-409	-377	-7.6%
OPERATING LOSS	-420	-426	1.5%

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

SDE revenue detail

(EUR million)	Nine months ended 30 September			
	2007	2008	Variance	Variance %
Revenues	393	315	-78	-19.9%
From Fixed	309	252	-58	-18.6%
From Mobile	84	64	-21	-24.5%

The decrease in **revenue from fixed** of EUR 58 million, was mainly driven by the reduction of national transit traffic, the lower interconnection volumes from Pay services (Royal Decree applicable as from 1 April 2008) and the lower wholesale Broadband rental and connection prices.

On the **mobile** front, the revenue decrease mainly results from the negative impact of the roaming-in regulation.

Staff & Support – S&S

S&S revenue

Compared to 2007, the Staff and Support revenue decrease of EUR 14 million was mainly influenced by one-time gains realized in 2007.

S&S operating expenses before depreciation and amortization

In other operating expenses the increase was mainly driven by the setting-up of a provision for rental costs of the Proximus Boreal building which is gradually being emptied before the official end of the rental contract. This project allowed about 2,000 additional employees to have their office in the Belgacom headquarter building.

This has been partly offset by a decrease in personnel expenses despite indexation, as a result of lower headcount and lower severance payments compared to 2007.

S&S operating income (EBIT)

(EUR million)	Nine months ended 30 September		
	2007	2008	Variance 2007/2008
TOTAL SEGMENT REVENUE	38	24	-36.5%
Costs of materials and charges to revenue	-2	-2	-5.5%
Personnel expenses and pensions	-123	-121	-1.1%
Other operating expenses	-162	-166	2.4%
TOTAL OPERATING EXPENSES before depreciation & amortization	-288	-290	0.8%
TOTAL SEGMENT RESULT (1)	-249	-266	6.6%
<i>Segment contribution margin</i>	-	-	
Depreciation and amortization	-71	-76	6.2%
OPERATING LOSS	-321	-342	6.5%

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

International Carrier Services - ICS

ICS revenue

In 2008, ICS revenue increased 3.7% over the first nine months compared to the same period last year. The main growth driver is the non-voice revenue which increased 34.7%, due to signaling and SMS transit volume evolution.

Voice revenue showed a 1.5% growth due to a strong volume increase of 13.8%, partly offset by the continued decrease of the mobile termination rates and a weak dollar.

ICS operating income before depreciation and amortization (EBITDA)

ICS EBITDA increased 22% to EUR 46 million, with an EBITDA margin of 7.9%. The increase in personnel expenses reflects the headcount increase required to sustain the strong mobile data growth.

ICS operating income (EBIT)

ICS operating income increased 26.9%, driven by the EBITDA increase, partly offset by a higher depreciation compared to last year.

(EUR million)	Nine months ended 30 September		
	2007	2008	Variance 2007/2008
TOTAL SEGMENT REVENUE	561	582	3.7%
Costs of materials and charges to revenue	-480	-491	2.2%
Personnel expenses and pensions	-15	-16	7.4%
Other operating expenses	-28	-29	2.1%
TOTAL OPERATING EXPENSES before depreciation & amortization	-523	-536	2.4%
TOTAL SEGMENT RESULT (1)	38	46	21.9%
<i>Segment result margin</i>	6.7%	7.9%	
Depreciation and amortization	-13	-14	11.9%
OPERATING INCOME	25	32	26.9%

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

ICS revenue detail

EUR million	Nine months ended 30 September			
	2007	2008	Variance	Variance %
Voice	524	532	8	1.5%
Non Voice	37	50	13	34.7%
Total revenues	561	582	21	3.7%

ICS operational

Voice volumes in billion of minutes	Nine months ended 30 September		
	2007	2008	Variance
TOTAL	10.28	11.70	13.8%
Total to fixed destinations	4.77	5.06	6.0%
Total to mobile destinations	5.51	6.64	20.6%

BICS volumes included at 100%

Acquisition of Tango

On 26 June 2008, the Belgacom Group announced the acquisition of Tele2 Luxembourg, the second mobile operator in Luxembourg, operating under the brand name “Tango”. As part of the transaction, Belgacom also acquired Tele2’s Liechtenstein fixed and mobile operations.

The total acquisition costs amounted to EUR 213 million. No equity instruments were issued as part of the cost. After deduction of the cash acquired the net amount of cash paid for the acquisition is EUR 207 million.

The fair value of the identifiable assets and liabilities of Tango, at the acquisition date, has been determined provisionally for these interim financial statements and amounts to EUR 58 million for non-current assets, EUR 28 million for current assets, EUR 10 million for non-current liabilities, EUR 32 million for current liabilities. Consequently, such provisional purchase price allocation led to the recognition of a goodwill of EUR 168 million in these interim financial statements. The Group has identified and included in the non-current assets, intangible assets that can be individually separated and reliably measured due to their nature. Those intangible assets consist in a customer base, for an amount of EUR 26 million and of a trade name for an amount of EUR 4 million. The Group has not identified intangible assets that can not be individually separated and reliably measured due to their nature. The goodwill includes synergies with the Belgacom Group.

The effective acquisition occurred in August, after approval by the appropriate antitrust authorities. Therefore, the revenue and expenses of Tango have been incorporated into the Belgacom Group financial statements from 1 August 2008, contributing EUR 17 million to the total revenue and EUR 6 million to the operating income before depreciation and amortization.

Quarterly results

CBU - Financials

	Q107	Q207	Q307	Q407	YTD 07	2007	Q108	Q208	Q308	Q408	YTD08	2008
(EUR million)												
Revenues	555	562	560	554	1,677	2,231	548	553	560		1,660	
From Fixed	284	283	281	286	848	1,134	283	283	282		847	
Voice	172	166	159	158	496	654	153	149	147		449	
Data	69	72	75	75	217	292	76	80	78		233	
TV	8	9	12	15	29	43	18	20	23		62	
Terminals (excl. TV)	17	15	16	17	48	66	16	14	14		44	
Other	18	21	19	22	58	80	20	19	21		60	
From Mobile	272	279	279	267	830	1,097	265	270	278		813	
Voice	194	198	198	181	590	771	183	185	180		548	
Data	65	66	69	69	201	270	70	69	67		206	
Terminals (excl. TV)	10	13	10	15	32	47	9	12	12		33	
Other	2	2	2	3	6	9	3	4	19		26	
Costs of materials and charges to revenues	-127	-135	-137	-141	-399	-540	-124	-127	-139		-389	
Personnel expenses and pensions	-80	-81	-77	-78	-238	-316	-79	-80	-81		-240	
Other operating expenses	-64	-64	-64	-85	-192	-277	-58	-71	-67		-196	
Segment result	284	282	283	250	849	1,098	287	275	273		835	
Segment Contribution margin	51.1%	50.2%	50.5%	45.1%	50.6%	49.2%	52.3%	49.8%	48.7%		50.3%	

CBU – Operationals

	Q107	Q207	Q307	Q407	YTD 07	2007	Q108	Q208	Q308	Q408	YTD08	2008
FROM FIXED												
Number of access channels (thousands)	3,227	3,190	3,162	3,145	3,162	3,145	3,136	3,099	3,078		3,078	
PSTN	2,410	2,366	2,320	2,275	2,320	2,275	2,223	2,176	2,125		2,125	
ISDN	53	51	49	47	49	47	45	43	42		42	
IP	0	1	2	6	2	6	15	21	35		35	
ADSL, VDSL	764	773	792	817	792	817	854	859	876		876	
Traffic (millions of minutes)	1,286	1,213	1,152	1,249	3,652	4,901	1,263	1,188	1,119		3,570	
National	1,110	1,020	968	1,052	3,098	4,149	1,063	983	927		2,973	
Fixed to Mobile	111	112	102	103	325	428	101	109	100		310	
International	66	81	83	94	229	323	99	97	91		287	
TV (thousands)	149	191	249	305	249	305	349	391	443		443	
of which second stream users	7	12	19	25	19	25	37	42	54		54	
ARPU (EUR)												
ARPU Voice	22.5	22.0	21.5	21.8	22.0	22.0	21.5	21.3	21.3		21.4	
ARPU broadband	29.8	30.7	31.3	30.5	30.6	30.6	29.8	31.0	29.7		30.2	
ARPU Belgacom TV	13.4	15.7	17.5	16.6	15.8	16.1	17.4	17.6	17.9		17.6	
FROM MOBILE												
Number of active customers (thousands)	3,396	3,440	3,489	3,582	3,489	3,582	3,648	3,672	3,705		3,705	
Pre-paid	2,268	2,252	2,233	2,246	2,233	2,246	2,196	2,199	2,228		2,228	
Post-paid	1,128	1,185	1,243	1,295	1,243	1,295	1,364	1,389	1,393		1,393	
MVNO	0	3	13	41	13	41	87	84	84		84	
Annualized churn rate (blended - variance in p.p.)*	17.4%	16.7%	18.4%	18.8%	17.5%	17.7%	19.6%	19.2%	20.4%		19.8%	
ARPU (EUR)**												
Prepaid	19.8	20.6	20.9	21.6	20.4	20.7	24.2	22.5	21.4		22.7	
Postpaid	46.7	46.8	45.9	41.8	46.5	45.2	40.8	40.3	39.8		40.3	
Blended	28.5	29.5	29.6	28.8	29.2	29.1	30.0	28.9	28.1		29.0	
Blended voice	20.6	21.1	20.9	19.7	20.8	20.6	20.7	19.5	18.8		19.7	
Blended data	7.9	8.4	8.8	9.1	8.4	8.5	9.3	9.4	9.3		9.3	
Net ARPU (EUR)**												
Prepaid	16.5	16.1	15.7	14.6	16.1	15.8	14.8	14.9	13.9		14.5	
Postpaid	44.5	45.0	44.2	40.2	44.6	43.4	38.8	37.9	37.0		37.9	
Blended	25.6	25.9	25.6	23.9	25.7	25.2	23.5	23.5	22.5		23.1	
Blended voice	19.1	19.4	19.0	17.3	19.2	18.7	17.0	17.2	16.4		16.8	
Blended data	6.4	6.5	6.6	6.6	6.5	6.5	6.5	6.3	6.1		6.3	
UoU (units)	182.0	198.3	196.8	209.0	192.3	196.6	218.5	224.6	214.4		219.2	
MoU (min)	108.9	116.7	112.6	115.7	112.6	113.5	119.3	118.6	111.0		116.3	
SMS (units)	73.5	82.1	84.9	94.1	80.2	83.7	100.1	106.9	104.3		103.7	

EBU- Financials

	Q107	Q207	Q307	Q407	YTD 07	2007	Q108	Q208	Q308	Q408	YTD08	2008
(EUR million)												
Revenue	692	698	681	703	2,072	2,775	675	690	651		2,016	
From Fixed	486	489	469	504	1,444	1,948	470	479	449		1,398	
Voice	175	165	157	160	496	656	157	155	146		458	
Data	106	105	107	105	318	422	101	103	101		304	
ICT	179	193	181	213	554	767	187	194	176		557	
Terminals	20	19	18	19	57	76	18	19	19		57	
Other	6	7	6	7	20	27	7	8	7		21	
From Mobile	206	210	212	199	628	827	205	211	202		618	
Voice	172	171	167	157	509	667	159	164	153		476	
Data	28	30	38	34	96	130	39	40	41		120	
Terminals	5	6	5	6	16	22	5	5	5		15	
Other	2	2	2	2	6	8	2	3	2		7	
Costs of materials and charges to revenues	-231	-228	-216	-242	-674	-916	-212	-220	-198		-629	
Personnel expenses and pensions	-102	-103	-102	-100	-307	-407	-101	-103	-102		-306	
Other operating expenses	-38	-38	-35	-50	-111	-161	-40	-48	-41		-128	
Segment result	321	330	329	311	980	1,291	324	320	310		953	
Segment Contribution margin	46.3%	47.3%	48.3%	44.2%	47.3%	46.5%	47.9%	46.3%	47.6%		47.3%	

EBU – Operational

	Q107	Q207	Q307	Q407	YTD 07	2007	Q108	Q208	Q308	Q408	YTD08	2008
FROM FIXED												
Number of access channels (thousands)	2,005	1,998	1,996	1,998	1,996	1,998	2,000	1,998	1,993		1,993	
PSTN	719	712	706	699	706	699	693	687	682		682	
ISDN	887	882	880	878	880	878	874	872	868		868	
IP	0	0	0	1	0	1	2	2	4		4	
ADSL, VDSL	399	404	410	420	410	420	431	436	439		439	
Traffic (millions of minutes)	1,056	988	905	969	2,950	3,919	969	944	841		2,754	
National	741	684	624	672	2,048	2,721	672	645	572		1,889	
Fixed to Mobile	196	190	173	185	559	744	183	186	165		534	
International	120	114	108	112	342	454	114	114	104		331	
ARPU (EUR)												
ARPU Voice	35.5	33.7	32.2	33.0	33.8	33.6	32.7	32.2	30.4		31.8	
ARPU Broadband	42.0	41.9	42.9	41.8	42.3	42.2	40.4	41.2	40.4		40.7	
FROM MOBILE												
Number of active customers (thousands)	950	976	1,005	1,038	1,005	1,038	1,065	1,093	1,116		1,116	
Pre-paid*	0	0	0	0	0	0	0	0	0		0	
Post-paid	950	976	1,005	1,038	1,005	1,038	1,065	1,093	1,116		1,116	
MVNO	0	0	0	0	0	0	0	0	0		0	
Annualized churn rate (blended - variance in p.p.)	10.6%	8.2%	7.5%	9.3%	8.7%	8.9%	10.2%	9.4%	9.4%		9.7%	
ARPU (EUR)												
Postpaid	77.9	77.3	76.0	70.5	77.0	75.3	69.3	69.7	65.0		67.9	
Postpaid voice	67.0	65.8	62.2	58.3	65.0	63.2	55.9	56.2	51.5		54.5	
Postpaid data	10.8	11.5	13.8	12.2	12.1	12.1	13.4	13.5	13.5		13.5	
Net ARPU (EUR)												
Postpaid	70.9	69.8	68.9	62.3	69.9	67.9	62.6	62.9	58.8		61.4	
Postpaid voice	61.0	59.3	56.2	51.3	58.8	56.8	50.3	50.6	46.3		49.0	
Postpaid data	9.9	10.5	12.7	11.0	11.1	11.1	12.4	12.3	12.5		12.4	
UoU (units)	407.9	410.9	379.0	405.0	398.5	400.5	397.2	411.0	372.7		393.6	
MoU (min)	381.1	385.8	353.4	378.7	372.8	374.7	371.9	385.9	347.1		368.2	
SMS (units)	45.6	46.3	47.0	51.4	46.3	47.6	52.0	53.8	53.1		53.0	

SDE - Financials

	Q107	Q207	Q307	Q407	YTD 07	2007	Q108	Q208	Q308	Q408	YTD08	2008
(EUR million)												
Revenues	142	136	116	123	393	516	110	103	102		315	
From Fixed	113	105	92	95	309	404	90	81	81		252	
From Mobile	29	31	24	28	84	112	20	22	21		64	
Costs of materials and charges to revenues	-48	-37	-30	-32	-115	-147	-29	-23	-21		-74	
Personnel expenses and pensions	-57	-55	-53	-50	-165	-215	-54	-53	-52		-159	
Other operating expenses	-39	-41	-45	-42	-125	-166	-46	-45	-41		-131	
Segment result	-2	3	-12	-1	-11	-13	-20	-18	-11		-49	
Segment Contribution margin	-1.7%	2.3%	-10.4%	-1.1%	-2.9%	-2.4%	-18.0%	-17.3%	-11.0%		-15.5%	

S&S - Financials

	Q107	Q207	Q307	Q407	YTD 07	2007	Q108	Q208	Q308	Q408	YTD08	2008
(EUR million)												
Revenues	15	14	9	10	38	49	9	7	7		24	
Costs of materials and charges to revenues	0	-1	-1	-1	-2	-4	-1	-1	-1		-2	
Personnel expenses and pensions	-42	-41	-39	-39	-123	-162	-40	-41	-41		-121	
Other operating expenses	-51	-56	-55	-74	-162	-237	-55	-59	-59		-166	
Segment result	-78	-84	-87	-104	-249	-354	-86	-94	-94		-266	

ICS - Financials

	Q107	Q207	Q307	Q407	YTD 07	2007	Q108	Q208	Q308	Q408	YTD08	2008
(EUR million)												
Revenues	183	178	200	185	561	746	185	190	207		582	
Costs of materials and charges to revenues	-158	-152	-171	-154	-480	-634	-157	-160	-174		-491	
Personnel expenses and pensions	-5	-5	-6	-5	-15	-20	-5	-5	-6		-16	
Other operating expenses	-10	-9	-9	-10	-28	-38	-9	-10	-10		-29	
Segment result	11	12	14	16	38	53	14	14	18		46	
Segment EBITDA margin	6.1%	6.8%	7.2%	8.5%	6.7%	7.2%	7.6%	7.5%	8.5%		7.9%	

ICS – Operationals

Voice volume in billion of minutes	Q107	Q207	Q307	Q407	YTD07	2007	Q108	Q208	Q308	Q408	YTD08	2008
TOTAL	3.30	3.34	3.62	3.58	10.28	13.84	3.71	3.85	4.14		11.70	
Total fixed	1.58	1.58	1.60	1.69	4.77	6.46	1.68	1.70	1.68		5.06	
Total mobile	1.72	1.76	2.02	1.88	5.51	7.38	2.04	2.15	2.46		6.64	

BICS volumes included at 100%

Interim financial statements

Interim condensed consolidated financial statements.

These interim financial statements have not been subject to a review by the independent auditor.

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and with IAS 34, Interim Financial Reporting.

The accounting policies and methods of the Group are consistent with those applied in the 31 December 2007 consolidated financial statements, with the exception that the Group adopted the new standards and interpretations that became mandatory for the Belgacom Group on 1 January 2008, notably IFRIC 11 (“IFRS 2 - Group and Treasury Share Transactions”). The adoption of these new standards and interpretations did not have any effects on the financial statements of the Group.

In order to reflect the gradual evolution as from 2007 towards more and longer fixed term contracts in excess of one year with mobile post-paid customers, the upfront dealer commissions relating to these contracts are expensed as from 2008 over the estimated contract period.

As a result of the new customer-oriented organization of the Group which became effective on 1 January 2008, the Group also early adopted IFRS 8 (“Operating Segments”), on 1 January 2008. This standard requires disclosure of information about the Group’s reportable operating segments under the new organization, and replaces the former IAS 14 requirement on segment reporting. Segment disclosures in these interim financial statements include revised comparative information for the new reportable operating segments.

During the first nine months of 2008, the Belgacom Group did not acquire or dispose of any significant subsidiary, joint venture or affiliate, other than the acquisition of Tango.

Consolidated income statements

(EUR million)	Three months ended 30 September		Nine months ended 30 September	
	2007	2008	2007	2008
Net revenue	1,496	1,457	4,492	4,380
Other operating revenue	16	16	59	47
Non-recurring revenue	0	0	0	8
TOTAL REVENUE	1,512	1,473	4,551	4,435
Costs of materials and charges to revenue	-506	-487	-1,497	-1,435
Personnel expenses and pensions	-277	-281	-848	-843
Other operating expenses	-202	-202	-599	-630
TOTAL OPERATING EXPENSES before depreciation & amortization	-984	-970	-2,944	-2,908
OPERATING INCOME before depreciation & amortization	528	503	1,607	1,527
Depreciation and amortization	-197	-192	-581	-564
OPERATING INCOME	331	311	1,026	962
Finance revenue	7	5	100	23
Finance costs	-28	-30	-82	-87
Net finance revenue / (costs)	-21	-26	17	-63
INCOME BEFORE TAXES	310	285	1,044	899
Tax expense	-78	-70	-248	-214
NET INCOME	232	215	796	685
Minority interests	0	0	0	0
Net income (Group share)	232	215	796	685
Basic earnings per share	0.70 EUR	0.66 EUR	2.38 EUR	2.09 EUR
Diluted earnings per share	0.69 EUR	0.66 EUR	2.38 EUR	2.09 EUR
Weighted average number of ordinary shares	334,315,191	326,314,486	334,167,542	327,650,109
Weighted average number of ordinary shares for diluted earnings per share	334,544,552	326,352,982	334,491,303	327,769,836

Consolidated balance sheets

(EUR million)	As of 30 September 2007	As of 31 December 2007	As of 30 September 2008
ASSETS			
NON-CURRENT ASSETS	5,049	5,072	5,223
Goodwill	1,779	1,777	1,948
Intangible assets with finite useful life	493	482	537
Property, plant and equipment	2,444	2,470	2,409
Other participating interests	1	1	1
Deferred income tax assets	306	312	286
Pension assets	5	5	3
Other non-current assets	20	25	39
CURRENT ASSETS	2,312	2,253	2,071
Inventories	81	99	93
Trade receivables	1,203	1,158	1,216
Current income tax assets	125	117	143
Other current assets	102	92	151
Investments	60	59	55
Cash and cash equivalents	741	726	413
Assets classified as held for sale	0	2	0
TOTAL ASSETS	7,362	7,325	7,294
LIABILITIES AND EQUITY			
EQUITY	2,606	2,525	2,419
Shareholders' equity	2,601	2,520	2,414
Issued capital	1,000	1,000	1,000
Treasury shares	-101	-178	-418
Restricted reserve	100	100	100
Remeasurement to fair value	4	4	2
Stock compensation	5	5	6
Retained earnings	1,591	1,586	1,721
Foreign currency translation	1	2	3
Minority interests	6	6	5
NON-CURRENT LIABILITIES	2,959	2,990	2,936
Interest-bearing liabilities	1,896	1,895	1,910
Liability for pensions, other post-employment benefits and termination benefits	812	831	760
Provisions	216	229	221
Deferred income tax liabilities	34	33	43
Other non-current payables	2	2	3
CURRENT LIABILITIES	1,796	1,810	1,939
Interest-bearing liabilities	75	69	105
Trade payables	998	1,079	1,137
Income tax payables	142	165	121
Other current payables	580	495	575
Liabilities associated with assets classified as held for sale	0	2	0
TOTAL LIABILITIES AND EQUITY	7,362	7,325	7,294

Consolidated cash flow statements

(EUR million)	Nine months ended 30 September	
	2007	2008
Cash flow from operating activities		
Net income (group share)	796	685
<u>Adjustments for:</u>		
Depreciation and amortization on intangible assets and property, plant and equipment	581	564
Increase of impairment on intangible assets and property, plant and equipment	2	1
Increase of provisions	11	15
Deferred tax expense	38	27
Fair value adjustments on financial instruments	-7	-4
Gain on disposal of consolidated companies	0	-8
Gain on disposal of other participating interests and enterprises accounted for using t	-74	0
Gain on disposal of property, plant and equipment	-8	-2
Other non-cash movements	3	3
Operating cash flow before working capital changes	1,342	1,282
Decrease in inventories	3	7
Decrease / (increase) in trade receivables	8	-42
Increase in current income tax assets	-28	-26
Increase in other current assets	-19	-56
Increase / (decrease) in trade payables	-92	41
Decrease in income tax payables	-47	-50
Increase in other current payables	63	101
Decrease in net liability for pensions, other post-employment benefits and termination b	-74	-69
Decrease in other non-current payables and provisions	-6	-22
Increase in working capital, net of acquisitions and disposals of subsidiaries	-193	-117
Net cash flow provided by operating activities	1,150	1,166
Cash flow from investing activities		
Purchase of intangible assets and property, plant and equipment	-408	-506
Cash paid for consolidated companies, net of cash acquired	-14	-217
Cash received from sales of consolidated companies, net of cash disposed of	0	5
Cash received from sales of intangible assets and property, plant and equipment	17	8
Cash received from sales of other participating interests and enterprises accounted for using the equity method and from other non-current assets	244	0
Net cash used in investing activities	-160	-709
Cash flow before financing activities	989	457
Cash flow from financing activities		
Dividends paid to shareholders	-534	-568
Dividends paid to minority interests	0	-1
Net sale / (acquisition) of treasury shares	10	-241
Sale of investments	33	4
Increase / (decrease) of shareholders' equity	1	-1
Issuance of long term debt	1	3
Issuance of short term debt	4	33
Net cash used in financing activities	-485	-770
Net increase / (decrease) of cash and cash equivalents	505	-314
Cash and cash equivalents at 1 January	236	726
Cash and cash equivalents at 30 September	741	413

Consolidated statements of changes in equity

(in EUR million)	Issued capital	Treasury shares	Restricted reserve	Remeasurement to fair value	Foreign currency translation	Stock Compensation	Retained Earnings	Shareholders' Equity	Minority interests	Total Equity
Balance at 31 December 2006	1,000	-754	100	68	1	5	1,972	2,391	8	2,399
<i>Fair value changes in available-for-sale investments</i>	0	0	0	-64	0	0	0	-64	0	-64
<i>Currency translation differences</i>	0	0	0	0	1	0	0	1	0	1
Equity changes not recognised in the income statement	0	0	0	-64	1	0	0	-63	0	-63
Net income	0	0	0	0	0	0	796	796	0	796
Total recognised income and expense	0	0	0	-64	1	0	796	733	0	733
Dividends to shareholders (relating to 2006)	0	0	0	0	0	0	-535	-535	0	-535
Interim dividends to shareholders (relating to 2007)	0	0	0	0	0	0	0	0	-2	-2
Dividends of subsidiaries to minority interests	0	0	0	0	0	0	0	0	-2	-2
Treasury shares										
Exercise of stock options	0	6	0	0	0	0	0	6	0	6
Sale of treasury shares under a discounted share purchase plan	0	4	0	0	0	0	1	4	0	4
Cancellation of treasury shares	0	644	0	0	0	0	-644	0	0	0
Stock options										
Stock options granted and accepted	0	0	0	0	0	2	0	2	0	2
Deferred stock compensation	0	0	0	0	0	-2	0	-2	0	-2
Amortization deferred stock compensation	0	0	0	0	0	1	0	1	0	1
Exercise of stock options	0	0	0	0	0	-1	1	0	0	0
Total transactions with equity holders	0	654	0	0	0	0	-1,178	-523	-2	-525
Balance at 30 September 2007	1,000	-101	100	4	1	5	1,591	2,601	6	2,606
Balance at 31 December 2007	1,000	-178	100	4	2	5	1,586	2,520	6	2,525
<i>Fair value changes in available-for-sale investments</i>	0	0	0	-2	0	0	0	-2	0	-2
<i>Currency translation differences</i>	0	0	0	0	1	0	0	1	0	1
Net income	0	0	0	0	0	0	685	685	0	685
Total recognised income and expense	0	0	0	-1	1	0	685	685	0	685
Dividends to shareholders (relating to 2007)	0	0	0	0	0	0	-550	-550	0	-550
Dividends of subsidiaries to minority interests	0	0	0	0	0	0	0	0	-1	-1
Exercise of stock options	0	8	0	0	0	0	-2	6	0	6
Acquisition of treasury shares	0	-252	0	0	0	0	0	-252	0	-252
Sale of treasury shares under a discounted share purchase plan	0	4	0	0	0	0	0	4	0	4
Stock options granted and accepted	0	0	0	0	0	3	0	3	0	3
Deferred stock compensation	0	0	0	0	0	-3	0	-3	0	-3
Amortization deferred stock compensation	0	0	0	0	0	2	0	2	0	2
Exercise of stock options	0	0	0	0	0	-1	1	0	0	0
Total transactions with equity holders	0	-241	0	0	0	0	-551	-791	-1	-792
Balance at 30 September 2008	1,000	-418	100	2	3	6	1,721	2,414	5	2,419

Contingent liabilities

No changes occurred during the first nine months of 2008 in the contingent liabilities mentioned in note 34 of the consolidated financial statements for the year ended on 31 December 2007, other than disclosed in the Half Year 2008 report.

Segment reporting

As from 1 January 2008 onwards, the Board of Directors, the Chief Executive Officer and the Belgacom Management Committee manage the operations of the Belgacom Group based on the new customer-oriented organization structured around the five following reportable operating segments:

- The **Consumer Business Unit** (CBU) sells voice products and services, internet and television, both on fixed and mobile networks, to residential customers, mainly on the Belgian market;
- The **Enterprise Business Unit** (EBU) sells ICT services and products to professional customers, whether they are self-employed persons, small companies or major corporations. These ICT solutions, including telephone services, are marketed mainly under the Belgacom, Proximus and Telindus brands, on both the Belgian and international markets;
- The **Service Delivery Engine** (SDE) centralizes all the network and IT services and costs (excluding costs related to customer operations and to the service delivery of ICT solutions), provides services to CBU and EBU and sells these services to other telecom and cable operators;
- **International Carrier Services**, a joint venture between Belgacom and Swisscom Fixnet, is responsible for international carrier activities;
- **Staff and Support** (S&S) brings together all the horizontal functions (human resources, finance, legal, strategy and corporate communication), internal services and real estate that support the Group's activities.

No operating segments have been aggregated to form the above reportable operating segments.

The Group monitors the operating results of its reportable operating segments separately in order to make decisions relating to resource allocation and performance assessment. Segment performance is evaluated on the following basis:

- the operating income before depreciation and amortization and before non-recurring revenue and expenses; and
- the capital expenditures.

Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

In order to allocate resources to reportable operating segments, the Group monitors segment assets for property, plant and equipment, intangible assets and goodwill. Other non-current assets and current assets are not allocated to operating segments.

The accounting policies of the operating segments are the same as the significant accounting policies of the Group. Segment results are therefore measured on a similar basis as the operating result in the consolidated financial statements.

Inter-company transactions between legal entities of the Group are invoiced on an arm's length basis.

The five new operating segments replace the three segments that were disclosed in the past. As required under IFRS, these interim financial statements also include revised comparative information for the five new operating segments.

Segment revenue and results

(EUR million)	Nine months ended 30 September 2007						Total
	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Inter-segment eliminations	
Net revenue	1,622	2,026	318	3	521		4,491
Other operating revenue	9	9	12	30	0		60
Intersegment revenue	46	37	63	6	40	-191	0
TOTAL SEGMENT REVENUE	1,677	2,072	393	38	561	-191	4,551
Costs of materials and charges to revenue	-399	-674	-115	-2	-480	173	-1,497
Personnel expenses and pensions	-238	-307	-165	-123	-15	0	-848
Other operating expenses	-192	-111	-125	-162	-28	19	-599
TOTAL OPERATING EXPENSES before depreciation & amortization	-829	-1,092	-405	-288	-523	192	-2,944
TOTAL SEGMENT RESULT (1)	849	980	-11	-249	38	1	1,607
OPERATING INCOME / (LOSS) before depreciation & amortization	849	980	-11	-249	38	1	1,607
Depreciation and amortization	-55	-33	-409	-71	-13	0	-581
OPERATING INCOME / (LOSS)	794	947	-420	-321	25	1	1,026
Finance revenue (net)							17
Loss from enterprises accounted for using the equity method							
INCOME BEFORE TAXES							1,044
Tax expense							-248
NET INCOME							796
Minority interests							0
Net income (Group share)							796

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

(EUR million)	Nine months ended 30 September 2008						Total
	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Inter-segment eliminations	
Net revenue	1,611	1,968	261	1	539		4,380
Other operating revenue	11	8	11	15	1		47
Intersegment revenue	38	40	43	8	41	(171)	
TOTAL SEGMENT REVENUE	1,660	2,016	315	24	582	-171	4,427
Costs of materials and charges to revenue	-389	-629	-74	-2	-491	150	-1,435
Personnel expenses and pensions	-240	-306	-159	-121	-16	0	-843
Other operating expenses	-196	-128	-131	-166	-29	20	-630
TOTAL OPERATING EXPENSES before depreciation & amortization	-826	-1,063	-364	-290	-536	170	-2,908
TOTAL SEGMENT RESULT (1)	835	953	-49	-266	46	-0	1,519
Non-recurring revenue		8					8
OPERATING INCOME / (LOSS) before depreciation & amortization	835	961	-49	-266	46	-0	1,527
Depreciation and amortization	-73	-24	-377	-76	-14	0	-564
OPERATING INCOME / (LOSS)	762	937	-426	-342	32	-0	962
Finance revenue (net)							-63
INCOME BEFORE TAXES							899
Tax expense							-214
NET INCOME							685
Minority interests							0
Net income (Group share)							685

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

Segment assets

As of 31 December 2007							
(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Unallocated	Total
Goodwill	688	1,089	0	0	0	0	1,777
Segment assets	99	70	1,858	862	65	-3	2,952
Unallocated assets						2,596	2,596
Total assets	788	1,159	1,858	862	65	2,593	7,325

As of 30 September 2008							
(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Unallocated	Total
Goodwill	860	1,089	0	0	0	0	1,948
Segment assets	240	61	1,776	816	57	-3	2,946
Unallocated assets						2,399	2,399
Total assets	1,099.36	1,149.38	1,775.56	816.19	56.80	2,396.35	7,294

Other segment information

Nine months ended 30 September 2007							
(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
Capital expenditure	37	15	324	26	7		408

Nine months ended 30 September 2008							
(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
Capital expenditure	156	14	303	27	6		506

Belgacom share information

Belgacom shares on the stock market

Stock market:	First Market of Euronext Brussels
Ticker:	BELG
ISIN:	BE0003810273
National SVM code:	3810.27
Bloomberg code:	BELG BB
Reuters code:	BCOM

Treasury shares

During the first nine months of 2008, Belgacom acquired 4,763,653 shares through the finalization of the share buy-back program decided on 18 October 2007.

On 24 July 2008, Belgacom announced a share buyback for a maximum amount of EUR 200 million. The program was launched on 4 August 2008. By the end of September, Belgacom bought back 3,749,825 shares at an average price of EUR 26.67, for a total of EUR 100 million.

In the first nine months of 2008, Belgacom employees exercised 248,963 stock options and bought 125,143 treasury shares under a discounted share purchase plan offering a discount of 16.67%.

At the end of September 2008, Belgacom owned 14,092,731 shares, representing 4.2% of the total shares. Treasury shares are kept by the company to cover existing and future employee incentive plans.

Treasury shares evolution	
Status 31 December 2007	5,953,359
Options exercised during 2008	- 248,963
Discount Purchase Plan employees	- 125,143
Acquisition of treasury shares	8,513,478
Status 30 September 2008	14,092,731

Within the current share buyback program, Belgacom had on the 4th of November 2008 a total of 5,268,825 shares bought back for a total amount of EUR 140,032,485.

Ownership

Situation 30 September 2008

Belgacom ownership	Shares	% total shares
Belgian State	180,887,569	53.5%
Belgacom treasury shares	14,092,731	4.2%
Free-Float	143,044,835	42.3%
TOTAL	338,025,135	100.0%

Calendar

- 20 February 2009: Announcement 2008 Full year result
- 8 April 2009: Annual General Shareholder meeting
- 15 May 2009: Announcement Q1 2009 result
- 31 July 2009: Announcement H1 2009 result
- 30 October 2009: Announcement Q3 2009 result

General information

Investor relations

Nancy Goossens +32 2 202 82 41
Ann Maes +32 2 202 26 18

Registered office information

Belgacom, Société Anonyme de droit public

Headquarters:

Bd du Roi Albert II, 27
B-1030 Brussels, Belgium
Tel.: + 32 2 202 41 11
VAT BE 202.239.951
Brussels Register of Legal Entities
Brussels Trade Registry 587.163

Date of constitution – Legal form

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