> quarterly report

Q4 2011

belgacom

Key figures

Income Statement (EUR million)	Full Year 2010	2011
Total income before non-recurring items	6,603	6,406
Non-recurring income	436	11
Total income	7,040	6,417
EBITDA (1) before non-recurring items	1,984	1,912
EBITDA (1)	2,428	1,897
Depreciation and amortization	-809	-756
Operating income (EBIT)	1,619	1,141
Net finance costs	-102	-106
Income before taxes	1,517	1,035
Tax expense	-233	-262
Non-controlling interests	17	17
Net income (Group share)	1,266	756

Cash flows and Capital Expenditures (EUR million)	2010	2011
Capital expenditure	-734	-777
Cash flows from operating activities	1,666	1,551
Cash paid for acquisitions of intangible assets and property, plant and equipment	-734	-757
Cash flows from / (used in) other investing activities	48	-7
Free cash flow (2)	**980**	**788**
Net cash used in financing activities	-728	-1,051
Net increase / (decrease) of cash and cash equivalents	**252**	**-264**

Balance sheet (EUR million) - As of 31 December	2010	2011
Balance sheet total	8,511	8,312
Non-current assets	6,185	6,217
Investments, cash and cash equivalents	627	356
Shareholders' equity	3,108	3,078
Non-controlling interests	235	225
Liabilities for pensions, other post-employment benefits and termination benefits	565	479
Net financial position	-1,451	-1,479

Data per share	2010	2011
Basic earnings per share before non-recurring items (EUR)	2.57	2.39
Earnings per share (EUR) (3)	3.94	2.36
Weighted average number of oustanding shares	321,138,048	319,963,423

Data on employees	2010	2011
Number of employees (full-time equivalents)	16,308	15,788
Average number of employees over the period	16,270	15,699
Total income before non-recurring items per employee (EUR)	405,859	408,046
Total income per employee (EUR)	432,685	408,760
EBITDA (1) before non-recurring items per employee (EUR)	121,953	121,764
EBITDA (1) per employee (EUR)	149,247	120,834

Ratios (before non-recurring items)	2010	2011
Return on Equity (4)	30.9%	24.9%
Gross margin (5)	60.0%	60.7%

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities.
(3) For 2010 and 2011 basic and diluted earnings per share are equivalent.
(4) The net income and the Shareholders' equity are adjusted to exclude the non-recurring income /expenses and the related tax impacts.
(5) The gross margin is adjusted to exclude non-recurring income.

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

The Belgacom Management Committee is represented by Didier Bellens, President and CEO, Scott Alcott, Executive Vice-President Consumer, Bruno Chauvat, Executive Vice-President Strategy and Content, Bart Van Den Meersche, Executive Vice-President Enterprise, Ray Stewart, Executive Vice-President Finance and CFO, and Michel Georgis, Executive Vice-President Human Resources.

Highlights – Q4 2011

- Fourth quarter performance in line to reach full-year guidance
- Successful year-end campaigns and improved churn resulting in strong customer growth:
  - *Belgacom TV + 72,000*
  - *Mobile cards + 64,000*
  - *Fixed Internet + 18,000*
- Attractive shareholder return confirmed

- For the last quarter of 2011, the Belgacom Group reports EUR 1,616 million revenue, i.e. a 2.6% year-over-year decline, excluding non-recurring income. Apart from regulation and divestures, the Group revenue variance was impacted by weaker revenue for the Consumer segment, while both the Enterprise segment and BICS saw their revenue trend improving. Belgacom Group remained beneficiary of growing SMS revenue, while success of Mobile Internet further pushed Advanced Mobile Data revenue.

- The Group EBITDA, excluding non-recurring items, for the last quarter of 2011 was EUR 446 million. Compared to a strong fourth quarter of 2010 this means a 9.9% decline. In addition to a EUR -5 million regulation impact, the year-over-year EBITDA comparison was complicated by updated year-end provisions, currency effects, divestments and subsidized Samsung TVs, which had a cumulated negative impact of EUR -22 million or -4.4%. Furthermore, the EBITDA was affected by lower Consumer revenue combined with higher commercial activity. The reported EBITDA led to an EBITDA margin of 27.6%, seasonally lower versus previous quarters. This compares to a strong 2010 fourth-quarter margin of 29.9%.

- During the last quarter of 2011, Belgacom invested EUR 279 million, including the acquisition of a 4G-license for an amount of EUR 20 million.

- In the fourth quarter 2011 Belgacom generated EUR 26 million of Free Cash Flow, bringing the total 2011 Free Cash Flow to EUR 788 million.

- Belgacom's net financial position remained very sound, with its financial net debt at the end of 2011 amounting to EUR 1,479 million, corresponding to 0.8 times EBITDA (before non-recurring items).

- There was strong customer growth in fourth quarter 2011 resulting from a successful year-end campaign combined with improved churn rates, loss of exclusivity on Belgian football broadcasting rights virtually no longer impacting churn.
  - + 72,000[1] Belgacom TV customers, growing total TV-customer base to 1,211,000 by end 2011
  - + 64,000 Mobile cards, incl. 59,000 postpaid. Total Mobile cards at 5,478,000[2]
  - + 11,000 Mobile Internet cards. Total Mobile Internet cards at 226,000[3]
  - + 66,000 multi-play Packs, with a total of 1,089,000 Packs by year-end 2011
  - + 18,000 Fixed Internet lines, with a total Internet customer base of 1,590,000
  - - 35,000 Fixed Voice lines, with a total Fixed Voice customer base of 3,204,000

- Further to Belgacom's commitment to an attractive shareholder remuneration, Belgacom's Board of Directors approved on 1 March 2012 the following shareholder return:
  - Over the financial result of 2011, a normal dividend of EUR 1.68 gross per share on top of the in December 2011 paid interim dividend of EUR 0.50 gross per share. The normal dividend will be subject to the approval by the annual shareholders meeting on 18 April 2012.
    - Ex-dividend date:24/4/2012
    - Record date: 26/04/2012
    - Payment date: 27/04/2012
  - Regarding the dividend over the result of 2012, both the Board of Directors and Belgacom's management want to underline their intent to ensure Belgacom's shareholders an attractive return and therefore commit to a total gross dividend per share for 2012 of at least EUR 2.18.

Comment by the CEO

"The financial results are in line with our full-year guidance. The solid customer gain is a result from new initiatives and well-targeted year-end campaigns fitting in with our convergence strategy combining Fixed and Mobile. That entails that

[1] Corresponds to total number of settop boxes: 58,000 new households and 14,000 second stream users
[2] Including mobile customers of Tango
[3] Total Mobile Internet cards also included in Total Mobile cards

Belgacom as the single provider can offer its customer all solutions, regardless of where and when they need them. By offering bundled solutions we are reaching new customers in both the residential and business markets.

At the same time we have radically improved our customer service: longer opening hours, shorter response times, simpler and more customer-friendly communication. All this resulted in greater customer satisfaction.

In 2011 we had to make some strategic choices, for which we maintained our discipline and opted not to take the easy road but to hold on to our end goal, value creation. As such we were vigilant not to overpay for Belgian football broadcasting rights. This now proves to have been the right choice since football-related churn is back to previous levels, when we had all the rights"

Didier Bellens, CEO Belgacom

Financial report

Belgacom Group

- **Group revenue Q4'11 -2.6% YoY**
- **Strong customer gain and customer service initiatives reflected in operating expenses**
- **Group EBITDA Q4'11 -9.9% YoY; -5.5% excl provisions, currency effects, divestments & subsidized TVs[1]**
- **Fourth quarter FCF at EUR 26 million, full-year FCF at EUR 788 million**

✓ Quarterly financials at group and segment level: page 21

Revenue

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Consumer Business Unit	600	572	-4.6%	2,368	2,288	-3.3%
Enterprise Business Unit	606	591	-2.4%	2,421	2,349	-3.0%
Service Delivery Engine & Wholesale	83	80	-3.9%	342	318	-6.9%
Staff & Support	7	8	7.6%	35	47	35.5%
International Carrier Services	402	401	-0.3%	1,610	1,562	-3.0%
Inter-segment eliminations	-39	-36	-8.2%	-172	-159	-7.5%
Total	**1,658**	**1,616**	**-2.6%**	**6,603**	**6,406**	**-3.0%**
Non-recurring income	1	11	-	436	11	-
Total	**1,659**	**1,627**	**-1.9%**	**7,040**	**6,417**	**-8.8%**

Excluding non-recurring income, the Belgacom Group reports for ***the fourth quarter 2011*** revenue of EUR 1,616 million, i.e. a 2.6% year-over-year decline. During the last quarter of 2011, regulatory[2] measures, reduced the revenue by EUR 9 million. Excluding regulation, the fourth-quarter Group revenue was 2.0% lower year-over-year, resulting from the combined effect of:

- A weaker year-over-year comparison for the **Consumer business** unit with the variance impacted by 1) the price indexation of 1 August 2010 no longer providing support; 2) divesture Scarlet Curacao; 3) the free football offer and promotional actions slowing TV revenue growth; 4) lower Fixed and Mobile voice call volumes due to mild weather conditions.
- A EUR 13 million net revenue loss from the divestures/acquisitions within the ICT domain, while the underlying revenue from the **Enterprise Segment** shows a continued trend improvement.
- Sustained solid growth of Mobile Data revenue for the Consumer and Enterprise segments, both continuing to benefit from increasing SMS revenue (+9%), while the success of Mobile Internet pushes revenue growth from Advanced Mobile Data (non-SMS) to +34%.
- An improved year-over-year revenue variance from previous quarters for **BICS**, with fourth-quarter revenue nearly stable compared to 2010 driven by higher Voice volumes and by a strong increase in messaging and signalling.

Belgacom ended **the year *2011*** with EUR 6,406 million of revenue, which is 3.0% lower than for 2010, and fully in line with the company's provided revenue guidance. Over the year 2011, regulatory measures reduced the Group revenue by EUR 112 million or 1.7%. Excluding the impact from regulation, Belgacom's revenue fell by 1.3% in 2011, partly as a net result of divestures. Furthermore, the free football offer and the football related churn of multi-play customers reduced the 2011 revenue by a total amount of EUR 12 million, with about the same impact on EBITDA.

Exhibit 1: Revenue evolution in percentages

		Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
GROUP (1)	**YoY variance**	**-0.2%**	**-0.4%**	**-0.3%**	**-1.5%**	**-3.5%**	**-3.2%**	**-2.7%**	**-2.6%**
	YoY variance excl regulation	**0.2%**	**1.5%**	**2.2%**	**1.5%**	**-0.3%**	**-1.2%**	**-1.6%**	**-2.0%**
CBU (2)	YoY variance	1.9%	0.5%	-1.1%	-1.0%	-4.3%	-2.1%	-2.3%	-4.6%
	YoY variance excl regulation	2.5%	3.0%	2.1%	2.7%	-0.1%	0.4%	-0.8%	-3.8%
EBU (2)	YoY variance	-2.9%	-1.4%	-0.9%	-3.2%	-3.7%	-2.8%	-3.1%	-2.4%
	YoY variance excl regulation	-2.3%	-0.1%	1.1%	-0.8%	-0.8%	-0.4%	-1.7%	-1.6%
	YoY variance excl regulation & divestments/acquisitions	-2.3%	-0.1%	1.1%	-0.8%	-0.8%	-0.4%	0.3%	0.6%
SDE&W (2)	YoY variance	-7.6%	-1.7%	-6.3%	-6.6%	-13.9%	-6.1%	-2.3%	-3.9%
	YoY variance excl regulation	8.7%	5.1%	1.9%	3.0%	-3.6%	-2.9%	-0.8%	-4.5%
BICS (1)	YoY variance	0.5%	5.4%	5.0%	4.7%	-1.5%	-6.5%	-3.4%	-0.3%

(1) 2010 variance on a like-for-like basis: BICS proportionally consolidated at 57.6%
(2) 2010 variance on a like-for-like basis: adjusted for changes in intercompany revenues

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1 As part of the 2011 year-end campaign, Belgacom offered new Internet and TV customers a Samsung TV at EUR 1
2 See pages 9 and 10 for more detail on impact from regulation

Non-recurring income
The 2011 Group revenue also includes a non-recurring income of EUR 11 million booked under Staff & Support, resulting from the disposal of a non-core subsidiary. In 2010, the non-recurring income of EUR 436 million resulted from the acquisition of control of BICS on 1 January 2010, which, in application of the revised IFRS 3, led to the remeasurement of the Group's previously held interest in BICS.

Operating expenses

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Costs of materials and services related to revenue	655	655	0.0%	2,642	2,517	-4.7%
Personnel expenses and pensions	278	283	1.6%	1,107	1,117	0.9%
Other operating expenses	230	232	0.8%	870	860	-1.1%
Total	**1,163**	**1,169**	**0.6%**	**4,619**	**4,494**	**-2.7%**
Non-recurring expenses	-7	7	-	-8	26	-
Total	**1,156**	**1,177**	**1.8%**	**4,612**	**4,520**	**-2.0%**

Cost of Sales for the fourth quarter remained stable year-over-year
The ***fourth- quarter 2011*** Cost of Sales remained flat year-over-year at EUR 655 million, whereas the previous quarters showed a positive variance as a result of the cut in Mobile Termination Rates. Excluding the impact of regulation, the Cost of Sales slightly increased compared to last year mainly as a result of the strong customer gain in the fourth quarter and an increasing share of ICT revenue in the Enterprise segment, typically coming at lower margin.

Over the **full-year 2011**, Cost of Sales decreased by 4.7% to EUR 2.517 million, in part driven by the positive effect of the lowered Mobile Termination rates, and in part due to the lower Cost of Sales from BICS.

HR-expenses impacted by updated year-end provisions, while lower headcount compensates for wage inflation
For the ***fourth quarter 2011***, Belgacom reports EUR 283 million in HR-expenses, or up 1.6%. The year-over-year increase includes the negative effect from updated HR-provisions, while the lower headcount offsets the effect of inflation-based salary indexations and other wage drifts.
By the end of 2011, Belgacom's personnel base counted 15,788 FTEs, or 520 FTEs less than end 2010. This is the net result of employees leaving in the context of the "Tutorship" headcount restructuring program, natural attrition and divestments, while Belgacom's personnel base was reinforced by some business-critical hirings.

Over the **full-year 2011**, the HR-expenses of EUR 1,117 million were 0.9% higher versus the previous year, including a net negative effect of updated HR-provisions. With this excluded, the lower headcount offset the double impact from salary indexations (October 2010 and June 2011) and other wage drift.

Exhibit 2: Number of FTE

	End 2010	**End 2011**	**12 months variance**
Consumer Business Unit	5,209	5,229	20
Enterprise Business Unit	5,263	5,144	-119
Service Delivery Engine & Wholesale	3,377	3,193	-184
Staff & Support	2,074	1,831	-243
International Carrier Services	385	391	6
Total	**16,308**	**15,788**	**-520**

Over the fourth quarter non-HR expenses were slightly up year-over-year
Belgacom's non-HR expenses over ***the fourth quarter 2011*** amounted to EUR 232 million. The slight increase versus the same period of last year is the result of updated year-end provisions and volume-driven costs in the last quarter of 2011.

For the full-year 2011, Belgacom reported EUR 860 million in non-HR costs, i.e. 1.1% less versus the previous year, including a one-off positive reversal of litigation provisions recorded in the second quarter of 2011.

Non-recurring expenses
During the ***fourth quarter of 2011*** Belgacom replaced the Group's hospitalization plan and reviewed the estimation of the liability for termination benefits, resulting in an increase of the liability for EUR 8 million booked under Staff & Support. In the same period of 2010, the Group reviewed the assumptions used in the estimation of the liability for termination benefits that resulted in a decrease of the liability by EUR 7 million.

For the ***full-year 2011***, the non-recurring expenses amounted to EUR 26 million which includes, in addition to the fourth-quarter impacts, a loss on disposal of EUR 18 million recognized in June 2011 when the Belgacom Group disposed of Telindus SA (Spain).

Operating income before depreciation and amortization (EBITDA)

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Consumer Business Unit	266	233	-12.3%	1,073	1,025	-4.4%
Enterprise Business Unit	306	296	-3.5%	1,212	1,185	-2.2%
Service Delivery Engine & Wholesale	-27	-21	-22.6%	-109	-92	-15.7%
Staff & Support	-85	-95	10.8%	-320	-328	2.3%
International Carrier Services	36	33	-7.1%	129	122	-6.1%
Inter-segment eliminations	0	0	-0.0%	-1	-1	0.0%
Total	**495**	**446**	**-9.9%**	**1,984**	**1,912**	**-3.7%**
Non-recurring income	1	11	-	436	11	-
Non-recurring expenses	7	-7	-	8	-26	-
Total	**503**	**450**	**-10.5%**	**2,428**	**1,897**	**-21.9%**

For the ***fourth quarter*** Belgacom reports a Group EBITDA of EUR 446 million, excluding non-recurring items. This is a 9.9% decline versus a high 2010 comparable basis. The year-over-year EBITDA variance was complicated by the negative impact of updated year-end provisions, currency effects, divestments and subsidized Samsung TVs as part of the year-end campaign. These items had a cumulated negative impact of EUR -22 million, or -4.4%. This comes in addition to a EUR -5 million (-1%) negative impact from regulatory measures. Apart from this, the fourth quarter EBITDA was impacted by a decrease of Gross Margin, mainly as a consequence of lower Voice revenue and higher commercial activity in the Consumer segment.
The reported EBITDA led to an EBITDA margin of 27.6%, seasonally lower versus previous quarters. This compares to a strong 2010 fourth-quarter margin of 29.9%.

The Belgacom Group **ends the *year 2011*** with a total EBITDA of EUR 1,912 million, i.e. 3.7% lower than for 2010, meeting the full-year guidance. Regulation reduced the 2011 EBITDA by EUR 29 million (-1.5%).
For the full-year 2011, the EBITDA margin of 29.8% was just below the 30.0% EBITDA margin of 2010.

Depreciation and amortization

The ***fourth-quarter 2011*** depreciation and amortization was EUR 182 million or EUR 24 million lower than the previous year as 2010 included depreciation linked to the shortened useful life of the obsolete Mobile Radio Access Network which was replaced by Huawei equipment. In addition, 2010 still included depreciation of the exclusive football broadcasting rights.
Depreciation and amortization for the ***full-year 2011*** decreased to EUR 756 million from EUR 809 million in 2010.

Net finance result

In the ***fourth quarter 2011*** the net finance costs increased slightly to EUR 25 million compared to EUR 22 million in 2010. This was mainly the result of unfavorable remeasurements to fair value of financial instruments.

The net finance costs for the ***full-year 2011*** increased slightly to EUR 106 million compared to EUR 102 million in 2010. This was due to the combined effects of the increase in the net interest expense and year-over-year unfavourable remeasurements to fair value of financial instruments.

Tax expense

The ***fourth- quarter 2011*** tax expenses amounted to EUR 69 million, whereas this was EUR 39 million for the same period of 2010. This brings the total Group tax expense for ***full-year 2011*** to EUR 262 million, i.e. an increase of EUR 29 million versus 2010.
The effective tax rate resulting from the application of the general principles of Belgian tax law for 2011 was 25.3%, compared to 21.6% in 2010[1], which resulted from the anticipated use of tax losses carried forward and other one-off items.

Net income (Group share)

Fourth-quarter 2011 net income (Group share) of EUR 169 million was EUR 61 million lower compared to the same quarter of 2010 as a result of the lower EBIT and higher tax expenses.

The net income (Group share) for ***the full-year 2011*** amounted to EUR 756 million, compared to EUR 1,266 million for 2010, which was favorably impacted by a non-recurring capital gain of EUR 436 million. The remaining decline is the result of the lower 2011 EBIT and higher tax expenses.

[1] Excluding the impact of the non-taxable gain of EUR 436 million realised in 2010

Capital expenditure (Capex)

(EUR million)	4th Quarter 2010	4th Quarter 2011	% Change	Full Year 2010	Full Year 2011	% Change
Consumer Business Unit	54	40	-26.0%	132	134	1.5%
Enterprise Business Unit	7	8	10.6%	20	18	-8.0%
Service Delivery Engine & Wholesale	121	193	59.7%	492	552	12.0%
Staff & Support	26	26	-2.1%	62	51	-18.4%
International Carrier Services	12	14	18.8%	27	22	-17.7%
Total	**219**	**279**	**27.6%**	**734**	**777**	**5.9%**

In the ***fourth quarter of 2011***, Belgacom invested EUR 279 million which is EUR 60 million more than for the same period of 2010. The investment level is seasonally higher in the last quarter of the year, an effect reinforced this time by the acquisition of a 4G-license for an amount of EUR 20 million and by a step up in the further roll-out of the Broadway project.

Over the ***full-year of 2011***, the Belgacom Group invested EUR 777 million, i.e. 12.1% of its Group revenue, or 11.8% when excluding the capex for the 4G spectrum, i.e. in line with the provided full-year guidance. From an investment point of view, Belgacom continues to focus on further enhancing its core fixed and mobile network in terms of coverage and speed, as such fully supporting the company's convergence strategy. In this regard, Belgacom further expanded its FttC[1] network to reach over 81% service coverage by end 2011. Belgacom also upgraded its Mobile network by replacing the Mobile Radio Access network with Huawei equipment, upgraded the mobile backhauling and further invested in 3G coverage and capacity.

Cash flows

(EUR million)	4th Quarter 2010	4th Quarter 2011	% Change	Full Year 2010	Full Year 2011	% Change
Cash flows from operating activities	351	291	-17%	1,666	1,551	-7%
Cash paid for acquisitions of intangible assets and property, plant and equipment	-219	-259	18%	-734	-757	3%
Cash flows from / (used in) other investing activities	-6	4	-171%	48	-7	-115%
Cash flow before financing activities	**131**	**26**	**-80%**	**980**	**788**	**-20%**
Net cash used in financing activities	-162	-521	222%	-728	-1,051	44%
Net increase / (decrease) of cash and cash equivalents	**-31**	**-495**	**1501%**	**252**	**-264**	**-205%**

In the ***fourth quarter of 2011*** Belgacom generated a Free Cash Flow of EUR 26 million. The fourth quarter level is typically impacted by such items as annual interest payments on long-term bonds, a 13th month wage payment and a double VAT payment. Also, like last year, Belgacom paid an advance for the use of the 2G spectrum and had somewhat higher cash-outs for capital expenditures versus 2010. Furthermore, the year-over-year decrease was the result of the lower Cash Flow from Operating Activities, in spite of better core working capital outcome compared to the fourth quarter of 2010.

Belgacom ended the ***year 2011*** with EUR 788 million of Free Cash Flow, i.e. EUR 193 million lower than for 2010, which included a EUR 51 million one-off cash increase resulting from the full consolidation of BICS and lower income tax payments following the legal entity merger and positive one-offs. Furthermore, the 2011 Free Cash Flow was pressured by the lower operating result and the higher cash paid for investments.

The EUR 1,051 million of Cash Flow used in financing activities for 2011 is EUR 323 million higher compared to 2010. This results mainly from the EUR 100 million share buyback in 2011 and from the repayment of maturing loans for an amount of EUR 775 million, which was partially offset by the issuance in January 2011 of a seven-year unsubordinated bond of EUR 500 million under the Euro Medium Term Note program.

Balance sheet and shareholders' equity

Compared to year-end 2010, the goodwill decreased by EUR 14 million to EUR 2,323 million mainly as a result of the disposal of Telindus Spain. This was partly offset by the acquisition of Eudasys SA.

Intangible fixed assets and property, plant and equipment increased by EUR 18 million in 2011 compared to year-end 2010, mainly as a consequence of the invested Capex and the purchase price allocation performed in relation with the acquisition of Eudasys SA. which was higher than the depreciation and amortization.

The shareholders' equity decreased from EUR 3,108 million at year-end 2010 to EUR 3,078 million at year-end 2011, mainly reflecting the net income generated in 2011 more than offset by the dividend distribution as approved by the General Meeting of April 2011, the interim dividend paid in December and the EUR 100 million share buyback.

[1] Fiber to the curb

In 2011, the Group sold 277,474 treasury shares to its senior management under discounted share purchase plans with a discount of 16.67%. During that same period, employees exercised 189,681 share options, for which treasury shares were used.

In 2011, the Group granted 1,036,061 new share options to its senior management with an exercise price of EUR 25.015.

In the context of the share buyback program, Belgacom acquired in the second and third quarter of 2011, 4,300,975 treasury shares for an amount of EUR 100 million.

In order to cover the outstanding stock options granted in 2010 and 2011, the Board of Directors approved on 27 October 2011 the conversion of 2,025,774 treasury shares without dividend rights into treasury shares entitled to dividend rights.

Belgacom's net financial position remained very sound, with its financial debt end of 2011 at EUR 1,479 million. This corresponds to 0.8 times EBITDA (before non-recurring items), remaining one of the lowest net debt positions in the European telecom sector. The net debt increased by EUR 28 million as the cash returned to shareholders in the form of dividends and share buybacks slightly exceeded the 2011 Free Cash Flow. At the same date, the outstanding financial debt amounted to EUR 1.9 billion.

On 31 January 2011, Belgacom issued a seven-year senior unsubordinated bond of EUR 500 million maturing on 7 February 2018 under its Euro Medium Term Note program. The purpose of this transaction was to pre-finance the EUR 775 million bonds maturing in November 2011 with a fixed -rate coupon at 3.875%. In March 2011, holders of the outstanding 4.125% bonds due in November 2011 were invited to tender their notes for early purchase against cash. Against a small premium to compensate for the interest rate differential on the coupon, 51.5% or EUR 398.9 million of the initially outstanding bonds were bought back on 8 March 2011. The remaining EUR 384 million debt maturing 23 November 2011 was subsequently redeemed via readily available cash.

Regulation and legal update

		Estimated Impact	*Actuals*				
Regulation impacts (Decrease in EUR million)		***FY 2012***	***Q1 2011***	***Q2 2011***	***Q3 2011***	***Q4 2011***	***FY 2011***
MTR & flow-through Fix-to-Mob	Revenue	*~ €45m*	€29m	€29m	€12m	€6m	***€76m***
	EBITDA	*~ €7m*	€5m	€3m	€2m	€2m	***€11m***
Roaming	Revenue	*max. €32m*	€2m	€3m	€4m	€2m	***€12m***
	EBITDA	*max. €32m*	€2m	€3m	€4m	€2m	***€12m***
Collecting model for Premium Rate Services	Revenue	-	€20m	-	-	-	***€20m***
	EBITDA	-	Neutral	-	-	-	***Neutral***
Other (a.o. new LLU & bitstream prices)	Revenue	*~ €8m*	€1m	€1m	€2m	€2m	***€5m***
	EBITDA	*~ €6m*	€1m	€1m	€2m	€2m	***€5m***
Total	**Revenue**	***max. €85m***	**€52m**	**€33m**	**€18m**	**€9m**	***€112m***
	EBITDA	***max. €45m***	**€9m**	**€7m**	**€8m**	**€5m**	***€29m***

Mobile Termination Rates

On 29 June 2010, the Belgian regulator (BIPT) adopted its final decision on the 2010-2013 MTR glide path. Gradual MTR decreases are foreseen until 2013, at which point symmetry will be reached for all operators. The first decrease occurred on 1 August 2010, followed by other ones on 1 January 2011 and 1 January 2012 for all three mobile operators in Belgium. The cut of 1 August 2010 significantly reduced the MTR asymmetry, bringing Belgian regulation more in line with the European context. While the MTR cut reduced revenues, the asymmetry reduction positively impacted Belgacom's Cost of Sales.

Any decrease in MTRs is reflected in Belgacom's fixed-to-mobile retail tariffs. Accordingly, Belgacom lowered its fixed-to-mobile tariffs on 1 August 2010, 1 January 2011 and 1 January 2012.

MTR glide path	**Before***	**01-Aug-10***	**01-Jan-11***	**01-Jan-12**	**01-Jan-13**
In euro cent (excluding VAT)					
Proximus	*7.2*	4.62	3.94	2.62	1.08
Mobistar	*9.02*	5.05	4.29	2.79	1.08
Base	*11.43*	5.81	4.90	3.11	1.08
% change					
Proximus		-36%	-15%	-34%	-55%
Mobistar		-44%	-15%	-35%	-58%
Base		-49%	-16%	-36%	-62%
Asymmetry					
Mobistar-Prox	*25%*	9%	9%	6%	0%
Base-Prox	*59%*	26%	24%	19%	0%

*Including inflation

On 14 July 2010, Mobistar and KPN Group each filed a separate appeal against the BIPT decision of 29 June before the Brussels Court of Appeal, both asking the Court to suspend and annul the decision (especially regarding their own MTR tariffs). Belgacom intervened in these appeals to protect its interests. On 15 February 2011, the Court took its decision in the suspensions procedure, rejecting the Mobistar and KPN Group claims. The annulment procedure, however, is still ongoing.

Voice roaming rates further reduced

In application of the roaming regulation that entered into force in July 2009, the voice roaming rates decreased on 1 July 2010, and were further lowered on 1 July 2011. Data roaming services are regulated at wholesale level based on a price cap, calculated on a kilobyte basis.

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

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

On 6 July 2011, the European Commission published a proposal for a roaming III regulation to replace the current regulation after its expiry on 30 June 2012. The draft proposes (i) further price cuts on retail voice and SMS and on wholesale voice, SMS and data, (ii) a new retail price cap on data services and (iii) “structural measures” (unbundled sale of roaming services and wholesale roaming access). The new regulation is subject to approval by EU parliament and Council. It would cover a ten-year period from 1 July 2012 to 30 June 2022.

Financial collecting model for Premium Rate Services

On 1 April 2010, Belgacom adopted, where appropriate, a financial collecting model for part of its Premium Rate Services in which Belgacom collects from customers on behalf of a third-party content provider. This was in consequence of the final circulars issued end-2009 by the Ministry of Finance concerning the application of VAT on Premium Rate Services and Tax on Chance Games. As a result, the relevant revenues can no longer be considered as full Belgacom revenues. This affects the reported revenues but not EBITDA. Only the year-over-year variance of first quarter 2011 shows an effect of this measure.

Open networks

On 18 July 2011, the Belgian regulators (BIPT, CSA, Medienrat and VRM) published their final decisions on broadband and TV regulation. On the TV market, the dominant cable operators will be regulated in their respective coverage areas and are required to resell analog TV, to open up their Digital TV platform, and to resell broadband. Belgacom can only obtain access to analog TV. The wholesale prices of the cable operators will have to be approved by the regulators and the effective implementation of the obligations should occur in the second half of 2012.

Cable is not included in the broadband market analysis. Based on the new broadband decision, Belgacom has to provide bitstream access for television (multicast). On 4 January 2012, the BIPT approved Belgacom’s alternative multicast solution based on shared channels (wholesale customers can use the multicast channels that are already on the Belgacom network if they acquire the corresponding content rights). Belgacom has to submit a detailed reference offer by 4 March 2012. . The BIPT maintains also a strong focus on “operational excellence” for wholesale services and has announced that it will assess again the status of wholesale operations at the end of 2012.
Belgacom launched an appeal against the broadcast and the broadband decisions.

Outlook

Belgacom expects its **2012 Group revenue to be about 1% lower versus 2011**. This includes a negative effect from regulation and divestures, partly offset by a revenue contribution from The Phone House. While growth areas such as Mobile Data, ICT, TV and BICS are expected to provide further support, a continued erosion of high margin Voice revenue will impact EBITDA. To structurally reduce Belgacom’s expenses over the coming years, Belgacom launches a company-wide efficiency effort to improve its way of working. This will require in the course of 2012 some additional resources, though in prospect of significant cost optimization opportunities as from 2013.
As a result of a continuously changing revenue mix, resources needed for the efficiency effort, and a negative impact from regulation, Belgacom estimates that the **2012 EBITDA will be 5% to 6% lower compared to 2011**.
Furthermore, for 2012, Belgacom expects its Group **capex to be in the upper-end of the range of ’10%-12%’** of Group revenue.

Consumer Business Unit - CBU

- **Very solid customer gain: TV +72,000; Mobile +32,000; Fixed Data +18,000**
- **No further impact from football on churn levels**
- **CBU remains beneficiary of strong SMS trends and growing success of Advanced Data**
- **Q4 EBITDA impacted by weaker Voice revenue, divestment, and volume-driven costs**

P&L Consumer Business Unit

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
TOTAL SEGMENT INCOME	**600**	**572**	**-4.6%**	**2,368**	**2,288**	**-3.3%**
Costs of materials and services related to revenue	-169	-168	-0.7%	-678	-624	-8.0%
Personnel expenses and pensions	-82	-87	6.4%	-325	-340	4.5%
Other operating expenses	-83	-84	1.3%	-291	-299	2.7%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-334**	**-339**	**1.5%**	**-1,295**	**-1,263**	**-2.4%**
TOTAL SEGMENT RESULT (1)	**266**	**233**	**-12.3%**	**1,073**	**1,025**	**-4.4%**
Non-recurring expenses	0	0	-	1	0	-
OPERATING INCOME before depreciation & amortization	**266**	**233**	**-12.4%**	**1,074**	**1,025**	**-4.5%**
Depreciation and amortization	-43	-29	-32.6%	-153	-139	-9.6%
OPERATING INCOME	**223**	**204**	**-8.5%**	**920**	**887**	**-3.6%**

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

✓ CBU quarterly financial and operational results: page 21

Revenue

For the ***last quarter 2011***, CBU reported a revenue of EUR 572 million, i.e. 4.6% lower than for the same period of the prior year. This includes a EUR 5 million (-0.8%) negative impact from regulatory measures mainly coming from lower mobile termination rates and lower roaming tariffs.

Excluding regulation, CBU's revenue showed a 3.8% decline year-over-year. The trending down from previous quarters is caused by 1) weaker year-over-year comparison for Fixed and Mobile Voice; 2) lower Scarlet revenue mainly driven by a divesture[1]; and 3) the free football offer and promotional actions tempering TV revenue growth.

Over the full-year 2011, CBU reported EUR 2,288 million of revenue, or a year-over-year decline of 3.3%. This includes a EUR 54 million (-2.2%) negative impact from regulatory measures, and a EUR 12 million loss of revenue linked to the limited broadcasting rights for Belgian Football.

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Revenues	**600**	**572**	**-4.6%**	**2,368**	**2,288**	**-3.3%**
From Fixed	**288**	**269**	**-6.5%**	**1,139**	**1,099**	**-3.5%**
Voice	124	110	-11.4%	506	454	-10.2%
Data	83	82	-1.8%	337	332	-1.4%
TV	49	53	6.7%	182	208	14.3%
Terminals (excl. TV)	7	7	-10.4%	31	26	-16.3%
Scarlet	23	18	-23.5%	84	79	-6.3%
From Mobile	**290**	**280**	**-3.2%**	**1,141**	**1,104**	**-3.3%**
Voice	156	136	-12.8%	641	565	-11.9%
Data	88	97	11.0%	334	369	10.4%
Terminals	21	19	-9.6%	68	63	-6.9%
Tango	25	28	12.6%	99	107	8.4%
Other	**23**	**23**	**0.6%**	**87**	**86**	**-1.1%**

As of 2011 the allocation of Mobile Access revenue to Voice and Data was adjusted to better reflect the price plans. The 2010 revenue from Mobile Voice and Data was restated accordingly.

Fixed Voice line erosion improved, revenue variance worsened: annualizing price indexation and mild weather

Fourth-quarter 2011 Fixed Voice revenues were down 11.4% year-over-year to EUR 110 million, with the main driver of the revenue decline remaining the year-over-year Fixed Line erosion. The lowered fixed-to-mobile tariffs (January 2011) and other regulatory measures continued to pressure the Fixed Voice revenue as well. In addition, the year-over-year comparison was impacted by 1) the August 2010 price indexation no longer providing support; 2) mild weather conditions in the last quarter of 2011, unlike the year before which benefitted from higher usage; 3) the newly launched Happy Time XL pricing plan lowering paid fixed-to-mobile traffic volumes. This pricing plan, however, together with successful year-

[1] Divesture of Scarlet Curaçao in October 2011

end promotions, customer satisfaction initiatives and fading football-related churn, contributed to the improved Fixed line erosion (-21,000).
Fixed Voice ARPU declined 5% year-over-year to EUR 19.8, including the effect from regulation, recurring discounts on Packs, and some effect of Happy Time XL, allowing free off-peak calling from fixed-to-mobile. These effects were only slightly offset by the price indexation of January 2011.

Over ***full-year 2011***, Fixed Voice revenues amounted to EUR 454 million, i.e. a 10.2% decline year-over-year. CBU ended 2011 with a total of 1,818,000 Fixed Voice lines, or 115,000 less versus end-2010.

Solid customer growth for Fixed Internet driven by successful year-end promotion and reduced churn
CBU ended the ***fourth quarter of 2011*** with a Fixed Data revenue of EUR 82 million, 1.8% lower than for the same period last year. The broadband customer base grew solidly by 18,000 in the last quarter of 2011, compared to 6,000 for the same period of last year. The step-up in customer growth was driven by the success of the year-end promotion targeting new Internet/TV customers. In addition, the churn levels improved as the football-related churn faded and Belgacom benefitted from customer retention offers such as the free Wi-Fi hotspot network FON.
The fourth-quarter Broadband ARPU of EUR 26.1 (-5.5%) continued to be impacted by recurring discounts on multi-play Packs and a changing customer mix.

For the ***full- year 2011***, CBU generated EUR 332 million Fixed Data revenues, or 1.4% lower than the previous year, while it grew its Fixed Internet customer base to a total of 1,156,000.

TV customer growth accelerated in fourth quarter to +72,000
Fourth-quarter TV revenue grew by 6.7% to EUR 53 million, driven by the continued sound subscriber growth. The revenue growth rate was, however, tempered by the free Football offer and promotional actions.
CBU's net TV customer gain in the fourth quarter was particularly strong, driven by a successful year-end campaign, while churn improved and was no longer affected by football-related disconnections. As a result, CBU added 72,000 TV subscribers, leading to a total TV customer base of 1,211,000 (+24% year-over-year), of which 190,000 were multiple streams. However, the free football offer as of July 2011 and activation/installation promotions impacted the TV ARPU, resulting in a year-over-year decline of 11.3% to EUR 17.5.

For ***the full-year 2011***, the CBU Belgacom TV revenue grew by 14.3% to EUR 208 million.

Another solid quarter for Mobile customer growth: +32,000; Mobile Voice revenue pressure continued
The declining Mobile Voice revenue trend persisted in the ***fourth quarter 2011***, with revenues of EUR 136 million being 12.8% lower compared to the same quarter in 2010. The decline is still partially driven by regulatory impacts, including the MTR cut of 1 January 2011 and the further decrease in roaming tariffs as of July 2011.
The remaining decrease in revenue mainly came from the continued uptake of attractive Mobile pricing plans and the lower usage level as seen since the start of 2011. This effect was somewhat reinforced in the fourth quarter as a result of higher incidental Mobile usage in the fourth quarter of 2010, in particular driven by bad weather conditions. In addition, the fourth quarter year-over-year variance no longer benefitted from the support from the 1 August 2010 price indexation.
Meanwhile, the last quarter of 2011 proved to be another strong operational quarter in which CBU added +32,000 new mobile customers. Postpaid in particular was solid with 27,000 new customers through well-targeted marketing campaigns sustaining sales in both the indirect and controlled distribution channels. This improved the Postpaid ratio to 44.4% by year-end and enhanced Belgacom's share in the postpaid market. For prepaid, CBU added 5,000 customers through the continuing campaigns of Mobisud targeting the more promotion-sensitive customer segment.
The blended Voice ARPU declined to EUR 12.2 due to regulation as well as a result of lower usage, with MoU 3.4% lower year-over-year.

CBU's Mobile Voice revenue over the ***full-year 2011*** amounted to EUR 565 million, or a year-over-year decrease of 11.9%.

Mobile Data growth continued in fourth quarter: SMS revenue up by 8.5%, Advanced Data up by 30.8%
With a year-over-year revenue growth of 11% in the ***fourth quarter of 2011***, the growth trend in Mobile Data continued. CBU remained a beneficiary of growing SMS revenue, up by 8.5% for the last quarter 2011 and monthly SMS usage up 13.5% year-over-year to an average of 273 text messages per month. This includes free SMS messages, resulting in growing inbound revenues. The "Generation" pricing plans are proving especially successful, offering unlimited SMS usage combined with a fixed amount of Voice and Mobile Data usage. So far, current results and usage patterns have not shown any significant cannibalization effect on SMS by mobile data applications.
Advanced Mobile Data continued to grow as well, pushed by both the expanding popularity of attractive price plans and boosted smartphone sales as devices become increasingly affordable. This led to a year-over-year revenue growth of 30.8%, generating EUR 13 million in the last quarter of 2011.
The ARPU from Mobile Data increased year-over-year by 9.4% to EUR 8.5 for the fourth quarter 2011.

Over the ***year 2011,*** revenue from Mobile data totalled EUR 369 million, i.e. a 10.4% year-over-year increase.

Exhibit 3: Detail of Mobile data revenue

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Mobile DATA revenue	**88**	**97**	**11.0%**	**334**	**369**	**10.4%**
SMS - incl Premium SMS	78	85	8.5%	296	320	8.1%
Advanced data	10	13	30.8%	38	49	28.5%

CBU operating expenses

Cost of Sales positively impacted by lower MTR and divestment

Fourth-quarter Cost of Sales decreased 0.7% to EUR 168 million, as the positive effect from lower Mobile Termination Rates and the divestment of Scarlet Curaçao more than offset the higher subscriber acquisition costs of the last quarter of 2011.

Over the full-year 2011, Cost of Sales showed an 8% improvement year-over-year to EUR 624 million, largely driven by the lowered Mobile Termination rates on 1 August 2010 and 1 January 2011. Excluding regulation, Cost of Sales still showed a decline as the year-over-year variance benefitted from product profitability initiatives launched in 2010, and disappearing Scarlet migration costs, both affecting the first-half of the year.

HR expenses impacted by wage indexations and volume-driven costs

The HR expenses for the ***fourth quarter*** grew 6.4% to EUR 87 million, driven by inflation based wage indexations, volume driven installation costs and an unfavorable year-over-year impact from year-end HR-provisions.

This brings the ***full-year*** personnel costs to EUR 340 million or up by 4.5% compared to 2010.

Non-HR expenses up 1.3% in fourth quarter, including costs to improve customer servicing

CBU's ***fourth-quarter*** non-HR expenses of EUR 84 million were up 1.3%, including costs supporting the customer centricity project.

In total, the ***2011*** non-HR expenses of EUR 299 million were 2.7% higher year-over-year.

CBU segment result

For the ***fourth quarter 2011***, CBU reported a segment result of EUR 233 million, i.e. a year-over-year decline of 12.3%, including a limited impact from regulation (EUR -3 million), an impact from updated HR-provisions and the divestment of Scarlet Curacao. Apart from this, the worsened trend for the fourth quarter is driven by a drop in Gross Margin as a consequence of lower revenue and higher commercial activity. For the last quarter 2011, CBU reported a contribution margin of 40.8%.

This brings CBU's ***2011*** segment result to EUR 1,025 million, or 4.4% lower than for 2010, including a EUR -17 million impact from regulation and about EUR -12 million from the loss of exclusivity of Belgian football broadcasting rights.

CBU operating result

	4th Quarter		
	2010	2011	Variance (in abs. amount)
FROM FIXED			
Number of access channels (thousands)	3,046	2,974	-72
Voice (PSTN/ISDN)	1,845	*1,736*	-110
IP	88	*83*	-5
ADSL, VDSL	1,113	1,156	43
Traffic (millions of minutes)	1,140	1,036	-104
National	942	821	-121
Fixed to Mobile	102	123	21
International	96	92	-4
TV (thousands)	975	1,211	236
TV - households	839	1,021	181
Of which multiple settop boxes	135	190	55
ARPU (EUR)			
ARPU Voice	20.9	19.8	-1.1
ARPU broadband	27.6	26.1	-1.5
ARPU Belgacom TV	19.7	17.5	-2.2
FROM MOBILE			
Number of active customers (thousands)	3,769	3,805	36
Prepaid (1)	2,165	2,116	-49
Postpaid	1,604	1,690	85
Annualized churn rate (blended - variance in p.p.)	22.8%	25.2%	
Net ARPU (EUR) (2)			
Prepaid	15.3	14.9	-0.3
Postpaid	31.4	28.6	-2.8
Blended	22.0	20.7	-1.2
Blended voice	14.2	12.2	-2.0
Blended data	7.8	8.5	0.7
UoU (units)	345.3	373.3	28.0
MoU (min) (3)	107.5	103.8	-3.6
SMS (units)	240.5	273.0	32.5

(1) Prepaid includes Mobisud customers that were previously reported as MVNO customers
(2) Mobile ARPU's 2010 have been adapted to reflect the change in mobile access revenue allocation
(3) MoU reflect the duration of all calls from or to Proximus/voice customer/per month. In 2011 the definition of voice customers has been fine-tuned to exclude all data cards; 2010 MoU have been adapted accordingly.

Tango

	4th Quarter			Full Year		
	2010	2011	% Change	2010	2011	% Change
Revenue (in EUR mio) (1)	25	28	12.6%	99	107	8.4%
Total active mobile customers (in '000)	260	264	1.7%	260	264	1.7%
Blended mobile net ARPU (EUR/month)	27.1	29.1	7.4%	26.0	28.1	8.2%

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

The growth trend seen in the results of the previous quarters continued in the ***fourth quarter***, with revenue up 12.6% year-over-year to EUR 28 million. The success of mobile subscriptions for iPhones was reinforced by the launch of the iPhone 4S. Together with the ongoing migration of prepaid towards postpaid offers and the strong smartphone and iPhone sales, this resulted in a continued revenue increase. In addition, the ARPU increased to EUR 29.1, i.e. 7.4% year-over-year. Tango added 4,000 customers in the last quarter of 2011.

For the ***full-year 2011***, Tango reports EUR 107 million revenues, or a year-over-year increase of 8.4%.

Enterprise Business Unit - EBU

- **Improving underlying business trend in spite of competitive market and unfavourable economy**
- **Underlying revenue up 0.6% YoY (excl regulation and divesture impact)**
- **Revenue growth Mobile Data and organic ICT increasingly offsetting Fixed and Mobile Voice decline**
- **Segment result 3.5% lower YoY including negative regulation and divestment effect**

P&L Enterprise Business Unit

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
TOTAL SEGMENT INCOME	**606**	**591**	**-2.4%**	**2,421**	**2,349**	**-3.0%**
Costs of materials and services related to revenue	-164	-164	-0.0%	-685	-639	-6.7%
Personnel expenses and pensions	-95	-96	1.0%	-375	-381	1.6%
Other operating expenses	-40	-36	-11.3%	-149	-144	-3.4%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-299**	**-296**	**-1.2%**	**-1,210**	**-1,164**	**-3.8%**
TOTAL SEGMENT RESULT (1)	**306**	**296**	**-3.5%**	**1,212**	**1,185**	**-2.2%**
Non-recurring expenses	0	0	-	0	-18	-
OPERATING INCOME before depreciation & amortization	**306**	**296**	**-3.5%**	**1,212**	**1,167**	**-3.7%**
Depreciation and amortization	-5	-5	0.3%	-19	-17	-10.2%
OPERATING INCOME	**301**	**290**	**-3.6%**	**1,192**	**1,150**	**-3.6%**

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

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Revenue

For the fourth quarter 2011, EBU reported a revenue of EUR 591 million, or 2.4% less than for the same period of the previous year. The variance, however, includes a net negative impact of EUR 13 million following the divestment of Telindus Spain (June 2011), partly compensated by the acquisition of Eudasys by Telindus France earlier in 2011. **Organically, i.e. excluding the divestment and acquisition, EBU's fourth-quarter revenue remained nearly flat (-0.2%)** compared to the last quarter of 2010. As such, EBU further improved the positive trend seen in the past quarters, as a result of solid organic ICT revenue and the continued success of Advanced Mobile Data, both increasingly compensating for the decline in the traditional Fixed and Mobile Voice services.
The impact from regulation on the revenue further eased, reducing the fourth quarter revenue by EUR 5 million (-0.8%). Leaving aside the divestment and regulation impact, EBU's underlying revenue was slightly up year-over-year (+0.6%), this in spite of the unfavorable economic climate in which the Enterprise segment operated.

Over the full-year 2011, EBU generated EUR 2,349 million revenue, down 3% to the previous year, including a negative impact from divesture (-1%) and regulation (-1.9%).

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Revenues	**606**	**591**	**-2.4%**	**2,421**	**2,349**	**-3.0%**
From Fixed	**427**	**420**	**-1.7%**	**1,697**	**1,655**	**-2.5%**
Voice	132	122	-7.6%	539	496	-7.9%
Data	98	97	-0.2%	392	389	-0.8%
Terminals (excl. TV)	18	18	-1.7%	74	72	-1.8%
ICT	179	182	1.7%	692	697	0.8%
From Mobile	**170**	**168**	**-1.5%**	**702**	**677**	**-3.6%**
Voice	119	108	-9.5%	500	448	-10.4%
Data	47	57	22.1%	187	216	15.4%
Terminals	5	3	-31.4%	15	13	-12.3%
Other	**8**	**4**	**-54.2%**	**23**	**17**	**-24.2%**

As of 2011 the allocation of Mobile Access revenue to Voice and Data was adjusted to better reflect the price plans. The 2010 revenue from Mobile Voice and Data was restated accordingly.

Continued Fixed line erosion and lower usage are main drivers of Fixed Voice revenue decline
In the ***fourth quarter 2011***, Fixed Voice revenue continued the declining trend seen during the year. EBU generated EUR 122 million revenue from Fixed Voice in the last quarter of 2011, or 7.6% less than in the same period of 2010. While the revenue decline is partly due to the lowered fixed-to-mobile tariffs, the main drivers are the continued Fixed Line erosion (-15,000) and the lower usage per line. In addition, the benefit from price indexations is limited to the one of 1 January

2011 while the year-over-year variance is no longer supported by the indexation of 1 August 2010. Year-over-year, the fourth-quarter Fixed Voice ARPU declined by 3.8% to EUR 28.6 .
For the full-year 2011, EBU reported EUR 496 million revenue from Fixed Voice, i.e. 7.9% lower than for 2010.

Stable Fixed Data revenue, with Fixed Internet customer base flat in competitive and saturated market
The **fourth-*quarter 2011 revenue*** from Fixed Data, consisting of Fixed Internet and data connectivity revenue, for a total of EUR 97 million, remained stable compared to the same period of 2010. During the last quarter of 2011, the revenue growth from data connectivity following the continued migration from old technologies (ATM, Frame Relay, Leased Lines) to the 'Explore' platform, offset the slightly eroding Internet revenue which remains impacted by the highly competitive and saturated professional Internet market. In spite of this difficult operating environment, EBU managed to keep its Fixed Internet customer base stable during the last quarter of 2011, ending the year with 434,000 Broadband customers. Due to an increased percentage of SME and SoHo customers opting for an advantageous multi-play Pack in which Internet is included, the Broadband ARPU slightly eroded in the course of 2011, bringing the fourth-quarter ARPU to 38.9 EUR.

Over the ***full year 2011***, EBU generated EUR 389 million from Fixed Data, i.e. 0.8 % less than in 2010.

ICT organic revenue growth accelerated to 10% in fourth quarter
For the fourth ***quarter 2011***, EBU reported EUR 182 million revenue from ICT, which is 1.7% up from the last quarter of 2010. However, the revenue variance is negatively impacted by Belgacom's divesture of Telindus Spain end of June 2011, partly compensated for by the acquisition of Eudasys by Telindus France. Excluding the revenue impact from Telindus Spain and Eudasys, Belgacom ICT showed a strong organic growth of 10% in the fourth quarter. This is the combined effect of a solid result from Telindus national, which further pursued its strategy to focus on Services, and the year-over-year growth from Telindus International, supported by a successful year for Telindus UK as a strategic partner of Virgin Media.

Over the ***full-year 2011***, EBU reported EUR 697 million revenue from ICT, up by 0.8% versus the reported figure for 2010, or a 4.6% increase on an organic basis.

In spite of solid customer growth, Mobile Voice revenue remains under pressure due to pricing and regulation
The trend of eroding Mobile Voice revenue continued in the fourth ***quarter 2011***, with revenue down year-over-year by 9.5% to EUR 108 million. Regulatory measures[1] in part explain the continued decline in net Voice ARPU to EUR 25.9, in addition to the continued price erosion driven by both the uptake of pricing plans including free Voice usage and by a competitive corporate mobile market. This negative effect was only partly offset by the benefit from the solidly growing mobile customer base, with 29,000[2] net adds in the fourth quarter 2011, compared to 17,000 net adds for the same period in 2010. By end-2011, Belgacom's professional segment counted a total mobile customer base of 1,408,000. The Mobile usage per customer of 323 minutes/user/month was 2.3% lower than for the fourth quarter of 2010 which included somewhat higher incidental usage (e.g. related to bad weather).

Over the full-year 2011, EBU generated EUR 448 million revenue from Mobile Voice revenue, i.e. 10.4% lower than for the previous year. Regulation and pricing pressure offset the benefit from an improved customer growth, with +104,000 mobile cards added in 2011, compared to 75,000 in 2010.

Strong revenue growth from Mobile data in fourth quarter; Advanced Data up ~35%, SMS up ~10%
The growth trend from Mobile Data accelerated in the ***fourth quarter 2011***, growing by 22.1% year-over-year to EUR 57 million. Advanced Mobile data in particular shows a trend improvement with revenue growing 35% year-over-year to EUR 31 million driven by the success of Mobile Solutions, with the number of 'Internet on GSM' users growing especially rapidly. Another growth area is the Machine-to-Machine business for which EBU saw a strong uptake compared to last year.
SMS revenue continued its growth trend as well, up by 9.7% to a total of EUR 26 million, with usage per customer up by 12% to 96 text messages/user/month.
With Advanced Data's share in the total Mobile data revenue growing, the ARPU from Mobile data went up 13% from last year to reach EUR 13.7 in the fourth quarter 2011.

The revenue from Mobile Data over ***the full year 2011*** grew by 15.4% to EUR 216 million.

Exhibit 4: Detail of mobile data revenue

	4th Quarter			Full Year		
(EUR million)	2010	2011	% Change	2010	2011	% Change
Mobile DATA revenue	**47**	**57**	**22.1%**	**187**	**216**	**15.4%**
SMS - incl Premium SMS	24	26	9.7%	90	98	8.7%
Advanced data	23	31	35.1%	97	118	21.7%

[1] Lowered rates for mobile termination and roaming
[2] Including Mobile Voice, Mobile Data and M2M cards

EBU operating expenses

Cost of Sales stable year-over-year
With EUR 164 million, EBU's Cost of Sales for the ***fourth quarter 2011*** remained stable compared to the previous year. This includes a small positive effect from lower Mobile Termination Rates and the favourable effect from the divestment of Telindus Spain.

Over the ***full-year of 2011*** EBU reported EUR 639 million Cost of Sales, i.e. 6.7% less than in 2010, largely driven by the lower Mobile Termination Rates

HR expenses slightly up year-over-year
Impacted by the June 2011 salary indexation, and updated year-end HR-provisions the ***fourth-quarter*** HR-expenses were up 1% year-over-year, in spite of the lower headcount. Year-over-year, EBU's headcount decreased by 119 FTEs to a total of 5,144 FTEs by year-end, as a result of the Telindus Spain divestment.

Over the full-year, EBU's total HR expense was EUR 381 million, i.e. up by 1.6% versus last year.

Non-HR expenses 11% lower year-over-year driven by cost efficiency and divestment
EBU's fourth-quarter 2011 non-HR expenses of EUR 36 million were 11% lower than for the previous year, including a positive divestment impact from Telindus Spain and cost-efficiency, which more than offset a negative currency effect.
Over the year 2011 EBU's non-HR expenses totaled EUR 144 million, or 3.4% less than for 2010.

EBU segment result

For the ***fourth quarter 2011***, EBU reports a segment result of EUR 296 million, which is EUR 11 million or 3.5% lower than for the same period of 2010. This includes a EUR 3 million negative effect from regulation, as well as some EBITDA loss related to the divestment of Telindus Spain. The higher proportion of ICT revenue in the fourth quarter, at typical lower margins, led to a slightly lower contribution margin of 50%, versus 50.6% for the same period of 2010.

This brings the ***full-year 2011*** segment result to EUR 1,185 million, or 2.2% lower than for 2010.

EBU operating result

	4th Quarter		
	2010	2011	Variance (in abs. amount)
FROM FIXED			
Number of access channels (thousands)	1,886	1,820	-66
Voice (PSTN/ISDN)	1,428	*1,370*	-58
IP	13	15	3
ADSL, VDSL	445	434	-11
Traffic (millions of minutes)	781	716	-65
National	529	476	-52
Fixed to Mobile	165	160	-5
International	87	80	-7
ARPU (EUR)			
ARPU Voice	29.7	28.6	-1.1
ARPU Broadband	38.7	38.9	0.3
FROM MOBILE			
Number of active customers (thousands)	1,303	1,408	105
Post-paid	1,303	1,408	105
Annualized churn rate (blended - variance in p.p.)	10.8%	10.2%	
Net ARPU (EUR) (1)			
Postpaid	42.8	39.5	-3.3
Postpaid voice	30.8	25.9	-4.9
Postpaid data	12.1	13.7	1.6
UoU (units)	372.8	363.4	-9.4
MoU (min) (2)	330.5	322.8	-7.6
SMS (units)	85.5	95.6	10.1

(1) Mobile ARPU's 2010 have been adapted to reflect the change in mobile access revenue allocation
(2) MoU reflect the duration of all calls from or to Proximus/voice customer/per month. In 2011 the definition of voice customers has been fine-tuned to exclude all data cards; 2010 MoU have been adapted accordingly.

Service Delivery Engine & Wholesale – SDE&W

P&L Service Delivery Engine & Wholesale

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
TOTAL SEGMENT INCOME	**83**	**80**	**-3.9%**	**342**	**318**	**-6.9%**
Costs of materials and services related to revenue	-10	-9	-10.1%	-46	-36	-21.1%
Personnel expenses and pensions	-50	-50	-0.4%	-203	-199	-1.8%
Other operating expenses	-50	-42	-16.6%	-202	-175	-13.5%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-110**	**-101**	**-8.6%**	**-451**	**-410**	**-9.0%**
TOTAL SEGMENT RESULT (1)	**-27**	**-21**	-22.6%	**-109**	**-92**	-15.7%
Depreciation and amortization	-118	-110	-7.3%	-480	-446	-7.0%
OPERATING LOSS	**-146**	**-131**	**-10.2%**	**-588**	**-538**	**-8.6%**

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

✓ SDE&W quarterly financial and operational results: page 23

Revenue

For the ***fourth quarter of 2011***, SDE&W reported EUR 80 million revenue, or 3.9% less than for the same period last year. This is mainly due to lower leased line volumes and lower national traffic, while a volume increase for roaming traffic partially offset the roaming price decrease.
The impact of regulatory measures faded further to being nearly neutral on the result of SDE&W.
SDE&W ***ended 2011*** with a total revenue of EUR 318 million (-6.9%) including a EUR 13 million (-4%) regulation impact.

Operating expenses

For the ***fourth quarter of 2011***, SDE&W **cost of sales** of EUR 9 million was down year-over-year by 10.1%.
Year-to-date the Cost of Sales showed a 21.1% decline, mainly as a result of the financial collecting model, positively impacting the year-over-year variance of the first quarter 2011.

The benefit from the lower headcount offset the salary indexation impact and the negative effect of HR-provisions, resulting in nearly flat **HR-expenses** for the ***fourth quarter*** of EUR 50 million. Over the ***full-year 2011***, HR-expenses were down 1.8% to EUR 199 million.

Non-HR costs for the ***fourth quarter 2011*** decreased 16.6% to EUR 42 million, driven by a one-off provision reversal. ***Full-year 2011*** costs were down 13.5%, entirely due to the positive impact of the reversal of two provisions, recorded in the second and fourth quarter of 2011.

Staff & Support – S&S

P&L Staff and Support

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
TOTAL SEGMENT INCOME	**7**	**8**	**7.6%**	**35**	**47**	**35.5%**
Costs of materials and services related to revenue	-0	-1	>100%	1	-1	>100%
Personnel expenses and pensions	-40	-40	-0.1%	-165	-160	-3.3%
Other operating expenses	-52	-61	18.2%	-192	-215	12.2%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-93**	**-102**	**10.5%**	**-355**	**-375**	**5.6%**
TOTAL SEGMENT RESULT (1)	**-85**	**-95**	**10.8%**	**-320**	**-328**	**2.3%**
Non-recurring income	0	11	-	0	11	-
Non-recurring expenses	7	-7	-	7	-7	-
OPERATING LOSS before depreciation & amortization	**-79**	**-91**	**15.4%**	**-314**	**-324**	**3.3%**
Depreciation and amortization	-19	-18	-3.6%	-76	-74	-2.0%
OPERATING LOSS	**-98**	**-109**	**11.7%**	**-389**	**-398**	**2.3%**

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

✓ S&S quarterly financial and operational results: page 23

For the ***fourth quarter***, Staff and Support reported EUR 8 million revenues, up 7.6% year-over-year. This brought the ***full year*** revenues to EUR 47 million, which is 35.5% higher year-over-year. The recording of an internal invoice in the third quarter 2011, not having on impact on Group revenue and EBITDA, explained this year-over-year difference.
Fourth-quarter operating expenses were up 10.5% driven by updated provisions impacting the **non-HR expenses**. **HR expenses** were flat year-over-year as the decline in headcount neutralized the impact of the wage indexations.

International Carrier Services – BICS

- **Revenue variance further improved: volume growth of Voice and non-Voice offsetting MTR impact**
- **Nearly no negative dollar effect on fourth-quarter variance**
- **Stable fourth-quarter gross margin as a result of growing non-Voice business**
- **EBITDA down year-over-year as last year was supported by a positive currency effect**

P&L International Carrier Services

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
TOTAL SEGMENT INCOME	**402**	**401**	**-0.3%**	**1,610**	**1,562**	**-3.0%**
Costs of materials and services related to revenue	-344	-342	-0.4%	-1,383	-1,338	-3.3%
Gross margin (1)	*58*	*58*	*0.3%*	*226*	*224*	*-1.1%*
Personnel expenses and pensions	-10	-9	-12.2%	-39	-37	-4.9%
Other operating expenses	-12	-16	32.6%	-58	-65	12.5%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-366**	**-367**	**0.4%**	**-1,480**	**-1,440**	**-2.7%**
TOTAL SEGMENT RESULT (2)	**36**	**33**	**-7.1%**	**129**	**122**	**-6.1%**
Segment result margin	*8.9%*	*8.3%*	-	*8.0%*	*7.8%*	-
Non-recurring income	1	0	-	436	0	-
Non-recurring expenses	0	0	-	0	-1	-
OPERATING INCOME before depreciation & amortization	**37**	**33**	**-8.9%**	**566**	**121**	**-78.6%**
Depreciation and amortization	-20	-20	0.2%	-82	-80	-2.2%
OPERATING INCOME	**16**	**13**	**-19.9%**	**484**	**41**	**-91.6%**

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

✓ *ICS quarterly financial and operational results: page 24*

Revenue

Over the ***fourth quarter of 2011***, BICS reported revenue of EUR 401 million, down 0.3% compared to the same period in 2010, showing a clear improvement to the previous quarters.
The nearly stable revenue was driven by higher volumes, with BICS trading more than 7 billion Voice minutes in the last quarter of 2011, and by a strong increase in Non-Voice revenue which grew year-over-year by 15.5% to EUR 42 million, driven by Messaging and Signalling. These positive evolutions offset the negative impact of the European-wide MTR reduction. Unlike previous quarters, there was no significant currency effect as the average dollar rate of the last quarter was comparable to 2010.

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Voice	365.9	359.1	-1.8%	1,472.1	1,406.6	-4.4%
Non Voice	36.0	41.6	15.5%	137.6	155.2	12.8%
Total revenues	**401.9**	**400.8**	**-0.3%**	**1,609.6**	**1,561.8**	**-3.0%**

The fourth-quarter year-over-year Gross Margin variance was positive for the first time in 2011 with 0.3%, leading to a Gross Margin of EUR 58 million. This positive change mainly came from strong performances in Signalling and SMS.

	4th Quarter			Full Year		
(EUR million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Voice	34.1	31.1	-8.9%	131.6	119.7	-9.1%
Non Voice	24.1	27.3	13.3%	94.6	104.0	10.0%
Total Gross Margin	**58.3**	**58.4**	**0.3%**	**226.2**	**223.7**	**-1.1%**

Over the **full-year 2011**, revenues of BICS amounted to EUR 1,562 million, down 3.0% versus the previous year. The Gross Margin decrease was limited to 1.1% as the continuing growth of the non-voice gross margin offset a large part of the decreasing voice Gross margin, which resulted from the intense competitive and regulatory pressure.

Year-over-year variance in currency effect leads to lower EBITDA

The **fourth-quarter** segment result of BICS was down 7.1% year-over-year to EUR 33 million, mainly due to the Non-HR expenses, up 33% year over year. This year-over-year variance was caused by a positive currency effect in the fourth quarter of 2010. This resulted in a 0.6 p.p. year-over-year drop in the EBITDA margin to 8.3%.

For the **full-year 2011**, BICS reported an EBITDA EUR 122 million, which is 6.1% lower year-over-year as a result of the slight decline in Gross Margin, and, above all, due to a unfavourable year-over-year currency effect.

	4th Quarter			Full Year		
Volumes (in million)	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Voice	6,680	7,018	5.1%	25,290	27,442	8.5%
Non-Voice (SMS/MMS)	235	315	34.3%	800	1,074	34.3%

Quarterly results

Group – Financials

(EUR million)	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
Revenues (*)	**1,641**	**1,664**	**1,640**	**1,658**	**6,603**	**1,583**	**1,612**	**1,596**	**1,616**	**6,406**
Consumer Business Unit	590	592	585	600	2,368	565	579	571	572	2,288
Enterprise business unit	615	610	590	606	2,421	593	593	572	591	2,349
Service Delivery Engine & Wholesale	94	85	79	83	342	81	80	77	80	318
Staff&Support	10	7	10	7	35	8	7	25	8	47
International Carrier Services	378	414	415	402	1,610	372	388	401	401	1,562
Intersegment eliminations	-47	-45	-40	-39	-172	-36	-36	-51	-36	-159
Costs of materials and charges to revenues	**-662**	**-674**	**-651**	**-655**	**-2,642**	**-609**	**-621**	**-633**	**-655**	**-2,517**
Personnel expenses and pensions	**-274**	**-275**	**-281**	**-278**	**-1,107**	**-274**	**-282**	**-278**	**-283**	**-1,117**
Other operating expenses	**-210**	**-212**	**-218**	**-230**	**-870**	**-220**	**-196**	**-213**	**-232**	**-860**
EBITDA before non-recurring items	**495**	**503**	**490**	**495**	**1,984**	**480**	**512**	**472**	**446**	**1,912**
Segment EBITDA margin (*)	**30.2%**	**30.2%**	**29.9%**	**29.9%**	**30.0%**	**30.3%**	**31.8%**	**29.6%**	**27.6%**	**29.8%**
Non recurring items	**436**	**1**	**0**	**8**	**444**	**0**	**-18**	**0**	**4**	**-15**
Ebitda	**931**	**504**	**490**	**503**	**2,428**	**480**	**494**	**472**	**450**	**1,897**

(*) before non-recurring items

Group – Capex

(EUR million)	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
Group Capex	**154**	**222**	**139**	**219**	**734**	**173**	**161**	**163**	**279**	**777**
Consumer Business Unit	49	19	11	54	132	44	27	24	40	134
Enterprise business unit	2	3	7	7	20	4	4	3	8	18
Service Delivery Engine & Wholesale	96	180	96	121	492	115	119	125	193	552
Staff&Support	5	13	19	26	62	7	9	9	26	51
International Carrier Services	2	8	6	11	27	3	2	3	14	22

CBU – Financials

(EUR million)	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
Revenues	**590**	**592**	**585**	**600**	**2,368**	**565**	**579**	**571**	**572**	**2,288**
From Fixed	**291**	**280**	**281**	**288**	**1,139**	**281**	**278**	**271**	**269**	**1,099**
Voice	133	125	124	124	506	118	115	111	110	454
Data	85	85	84	83	337	85	83	82	82	332
TV	44	43	46	49	182	51	53	51	53	208
Terminals (excl. TV)	8	7	8	7	31	7	6	7	7	26
Scarlet	21	20	19	23	84	21	21	20	18	79
From Mobile	**279**	**288**	**285**	**290**	**1,142**	**265**	**279**	**279**	**280**	**1,104**
Voice	158	165	162	156	641	139	147	143	136	565
Data	83	82	82	88	334	87	92	93	97	369
Terminals (excl. TV)	15	16	17	21	68	14	14	16	19	63
Tango	24	25	25	25	99	25	26	28	28	107
Other	**21**	**24**	**19**	**23**	**87**	**19**	**23**	**21**	**23**	**86**
Costs of materials and charges to revenues	**-180**	**-171**	**-158**	**-169**	**-678**	**-149**	**-149**	**-158**	**-168**	**-624**
Personnel expenses and pensions	**-81**	**-81**	**-82**	**-82**	**-325**	**-83**	**-85**	**-86**	**-87**	**-340**
Other operating expenses	**-65**	**-73**	**-70**	**-83**	**-291**	**-70**	**-74**	**-71**	**-84**	**-299**
Segment result	**264**	**267**	**276**	**266**	**1,073**	**264**	**271**	**257**	**233**	**1,025**
Segment Contribution margin	**44.7%**	**45.1%**	**47.1%**	**44.3%**	**45.3%**	**46.7%**	**46.8%**	**45.0%**	**40.8%**	**44.8%**

CBU – Operationals

	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
FROM FIXED										
Number of access channels (thousands)	**3,120**	**3,098**	**3,076**	**3,046**	**3,046**	**3,028**	**3,006**	**2,977**	**2,974**	**2,974**
PSTN	1,904	1,877	1,850	1,817	1,817	1,781	1,756	1,728	1,712	1,712
ISDN	32	31	30	28	28	27	26	25	24	24
IP	93	92	90	88	88	88	88	86	83	83
ADSL, VDSL	1,091	1,099	1,107	1,113	1,113	1,131	1,136	1,138	1,156	1,156
Traffic (millions of minutes)	**1,178**	**1,052**	**1,004**	**1,140**	**4,374**	**1,061**	**977**	**936**	**1,036**	**4,011**
National	976	857	824	942	3,599	875	795	765	821	3,256
Fixed to Mobile	104	103	94	102	404	95	96	89	123	402
International	98	91	86	96	371	91	87	82	92	352
TV (thousands)	**814**	**868**	**920**	**975**	**975**	**1,029**	**1,087**	**1,139**	**1,211**	**1,211**
TV - households	713	753	795	839	839	879	925	963	1,021	1,021
of which multiple settop boxes	100	115	125	135	135	149	162	176	190	190
ARPU (EUR)										
ARPU Voice	21.2	20.3	20.3	20.9	20.7	20.2	20.0	19.7	19.8	19.9
ARPU broadband	28.7	28.5	28.1	27.6	28.2	27.6	27.0	26.7	26.1	26.8
ARPU Belgacom TV	20.7	19.1	19.3	19.7	19.7	19.4	19.2	17.8	17.5	18.4
FROM MOBILE										
Number of active customers (thousands)	**3,739**	**3,745**	**3,773**	**3,769**	**3,769**	**3,723**	**3,726**	**3,774**	**3,805**	**3,805**
Pre-paid (1)	2,201	2,188	2,199	2,165	2,165	2,117	2,096	2,111	2,116	2,116
Post-paid	1,538	1,557	1,573	1,604	1,604	1,606	1,630	1,663	1,690	1,690
Annualized churn rate (blended - variance in p.p.) (2)	**20.9%**	**20.1%**	**21.8%**	**22.8%**	**21.4%**	**21.3%**	**20.4%**	**20.4%**	**25.2%**	**21.8%**
Net ARPU (EUR) (3)										
Prepaid	14.3	15.0	14.7	15.3	14.8	14.1	15.3	14.4	14.9	14.7
Postpaid	32.5	32.9	32.1	31.4	32.2	29.2	30.0	30.0	28.6	29.5
Blended	21.5	22.3	21.8	22.0	21.9	20.5	21.6	21.1	20.7	21.0
Blended voice	14.2	15.0	14.6	14.2	14.5	12.7	13.4	12.9	12.2	12.8
Blended data	7.3	7.3	7.2	7.8	7.4	7.8	8.2	8.2	8.5	8.2
UoU (units)	**318.0**	**335.1**	**307.1**	**345.3**	**326.5**	**338.0**	**357.5**	**335.4**	**373.3**	**351.6**
MoU (min) (4)	**104.4**	**110.5**	**105.9**	**107.5**	**107.0**	**102.2**	**106.6**	**103.6**	**103.8**	**104.3**
SMS (units)	**215.2**	**226.5**	**203.5**	**240.5**	**221.6**	**238.7**	**254.1**	**235.1**	**273.0**	**250.5**

(1) Prepaid includes Mobisud customers that were previously reported as MVNO customers
(2) Q4 2011 impacted by clean-up of inactive prepaid cards. This clean-up has no impact on the number of active customers & prepaid net adds.
(3) Mobile ARPU's 2010 have been adapted to reflect the change in mobile access revenue allocation
(4) MoU reflect the duration of all calls from or to Proximus/voice customer/per month. In 2011 the definition of voice customers has been fine-tuned to exclude all data cards. 2010 MoU have been adapted accordingly.

EBU – Financials

(EUR million)	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
Revenue	**615**	**610**	**590**	**606**	**2,421**	**593**	**593**	**572**	**591**	**2,349**
From Fixed	**432**	**425**	**413**	**427**	**1,697**	**420**	**417**	**398**	**420**	**1,655**
Voice	141	136	130	132	539	128	125	121	122	496
Data	99	98	98	98	392	98	97	96	97	389
Terminals	18	18	19	18	74	18	18	18	18	72
ICT	174	172	166	179	692	175	177	163	182	697
From Mobile	**177**	**180**	**174**	**170**	**702**	**169**	**171**	**169**	**168**	**677**
Voice	129	130	123	119	500	115	115	110	108	448
Data	45	48	47	47	187	50	53	56	57	216
Terminals	3	3	3	5	15	4	3	3	3	13
Other	**6**	**5**	**3**	**8**	**23**	**4**	**5**	**5**	**4**	**17**
Costs of materials and charges to revenues	**-183**	**-175**	**-163**	**-164**	**-685**	**-162**	**-160**	**-154**	**-164**	**-639**
Personnel expenses and pensions	**-91**	**-93**	**-96**	**-95**	**-375**	**-94**	**-98**	**-93**	**-96**	**-381**
Other operating expenses	**-36**	**-35**	**-39**	**-40**	**-149**	**-37**	**-37**	**-34**	**-36**	**-144**
Segment result	**306**	**308**	**292**	**306**	**1,212**	**300**	**298**	**291**	**296**	**1,185**
Segment Contribution margin	**49.7%**	**50.4%**	**49.5%**	**50.6%**	**50.0%**	**50.6%**	**50.3%**	**50.9%**	**50.0%**	**50.4%**

EBU- Operationals

	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
FROM FIXED										
Number of access channels (thousands)	**1,922**	**1,912**	**1,901**	**1,886**	**1,886**	**1,861**	**1,849**	**1,834**	**1,820**	**1,820**
PSTN	647	644	641	636	636	631	627	622	618	618
ISDN	818	810	801	791	791	781	771	763	752	752
IP	11	12	12	13	13	13	14	15	15	15
ADSL, VDSL	445	446	446	445	445	436	436	434	434	434
Traffic (millions of minutes)	**848**	**790**	**727**	**781**	**3,145**	**782**	**732**	**672**	**716**	**2,901**
National	579	529	487	529	2,123	526	485	445	476	1,932
Fixed to Mobile	173	168	153	165	660	165	160	147	160	633
International	96	93	86	87	362	90	86	80	80	336
ARPU (EUR)										
ARPU Voice	30.9	30.2	29.0	29.7	30.0	29.1	28.9	28.1	28.6	28.7
ARPU Broadband	39.4	39.1	39.0	38.7	39.1	39.6	39.3	39.1	38.9	39.2
FROM MOBILE										
Number of active customers (thousands)	**1,252**	**1,271**	**1,286**	**1,303**	**1,303**	**1,327**	**1,357**	**1,380**	**1,408**	**1,408**
Post-paid	1,252	1,271	1,286	1,303	1,303	1,327	1,357	1,380	1,408	1,408
Annualized churn rate (blended - variance in p.p.)	**10.6%**	**10.9%**	**10.0%**	**10.8%**	**10.6%**	**11.1%**	**10.8%**	**9.4%**	**10.2%**	**10.3%**
Net ARPU (EUR) (1)										
Postpaid	46.9	47.0	44.7	42.8	45.3	41.8	41.9	40.6	39.5	41.0
Postpaid voice	34.7	34.4	32.3	30.8	33.0	29.2	28.7	26.9	25.9	27.6
Postpaid data	12.2	12.6	12.5	12.1	12.3	12.6	13.2	13.8	13.7	13.3
UoU (units)	**360.7**	**363.6**	**345.3**	**372.8**	**361.3**	**356.5**	**369.6**	**343.3**	**363.4**	**358.8**
MoU (min) (2)	**322.0**	**324.3**	**308.3**	**330.5**	**321.8**	**317.1**	**328.3**	**305.0**	**322.8**	**318.9**
SMS (units)	**74.6**	**77.0**	**74.7**	**85.5**	**78.1**	**83.7**	**90.1**	**87.3**	**95.6**	**89.4**

(1) Mobile ARPU's 2010 have been adapted to reflect the change in mobile access revenue allocation
(2) MoU reflect the duration of all calls from or to Proximus/voice customer/per month. In 2011 the definition of voice customers has been fine-tuned to exclude all data cards. 2010 MoU have been adapted accordingly.

SDE&W – Financials

(EUR million)	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
Revenues	**94**	**85**	**79**	**83**	**342**	**81**	**80**	**77**	**80**	**318**
Costs of materials and charges to revenues	**-15**	**-10**	**-10**	**-10**	**-46**	**-9**	**-9**	**-9**	**-9**	**-36**
Personnel expenses and pensions	**-51**	**-48**	**-53**	**-50**	**-203**	**-49**	**-50**	**-50**	**-50**	**-199**
Other operating expenses	**-50**	**-50**	**-52**	**-50**	**-202**	**-52**	**-33**	**-48**	**-42**	**-175**
Segment result	**-23**	**-23**	**-36**	**-27**	**-109**	**-29**	**-12**	**-30**	**-21**	**-92**

S&S – Financials

(EUR million)	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
Revenues	**10**	**7**	**10**	**7**	**35**	**8**	**7**	**25**	**8**	**47**
Costs of materials and charges to revenues	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**-1**	**-1**
Personnel expenses and pensions	**-41**	**-43**	**-41**	**-40**	**-165**	**-39**	**-40**	**-40**	**-40**	**-160**
Other operating expenses	**-50**	**-45**	**-45**	**-52**	**-192**	**-47**	**-41**	**-66**	**-61**	**-215**
Segment result	**-80**	**-80**	**-75**	**-85**	**-320**	**-79**	**-74**	**-81**	**-95**	**-328**

BICS – Financials

(EUR million)	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
Revenues	378	414	415	402	1,610	372	388	401	401	1,562
Costs of materials and charges to revenues	-325	-359	-356	-344	-1,383	-320	-333	-342	-342	-1,338
Personnel expenses and pensions	-10	-9	-9	-10	-39	-10	-9	-9	-9	-37
Other operating expenses	-15	-15	-16	-12	-58	-18	-17	-15	-16	-65
Segment result	28	32	34	36	129	24	29	35	33	122
Segment EBITDA margin	7.4%	7.7%	8.1%	8.9%	8.0%	6.5%	7.5%	8.7%	8.3%	7.8%

BICS – Operationals

Volumes (in million)	Q110	Q210	Q310	Q410	2010	Q111	Q211	Q311	Q411	2011
Voice	5,922	6,254	6,433	6,680	25,290	6,574	6,997	6,853	7,018	27,442
Non-Voice (SMS/MMS)	168	188	209	235	800	230	253	276	315	1,074

Consolidated Financial statements

Consolidated income statements

(EUR million)	4th Quarter 2010	4th Quarter 2011	Full Year 2010	Full Year 2011
Net revenue	1,647	1,605	6,552	6,361
Other operating income	11	11	51	45
Non-recurring income	1	11	436	11
TOTAL INCOME	**1,659**	**1,627**	**7,040**	**6,417**
Costs of materials and services related to revenue	-655	-655	-2,642	-2,517
Personnel expenses and pensions	-278	-283	-1,107	-1,117
Other operating expenses	-230	-232	-870	-860
Non-recurring expenses	7	-7	8	-26
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,156**	**-1,177**	**-4,612**	**-4,520**
OPERATING INCOME before depreciation & amortization	**503**	**450**	**2,428**	**1,897**
Depreciation and amortization	-206	-182	-809	-756
OPERATING INCOME	**297**	**268**	**1,619**	**1,141**
Finance income	9	5	15	22
Finance costs	-31	-29	-117	-128
Net finance costs	**-22**	**-25**	**-102**	**-106**
INCOME BEFORE TAXES	**275**	**243**	**1,517**	**1,035**
Tax expense	-39	-69	-233	-262
NET INCOME	**237**	**174**	**1,283**	**773**
Non-controlling interests	7	5	17	17
Net income (Group share)	230	169	1,266	756
Basic earnings per share	0.71 EUR	0.53 EUR	3.94 EUR	2.36 EUR
Diluted earnings per share	0.71 EUR	0.53 EUR	3.94 EUR	2.36 EUR
Weighted average number of ordinary shares	321,471,220	317,592,393	321,138,048	319,963,423
Weighted average number of ordinary shares for diluted earnings per share	322,045,201	317,953,962	321,712,030	320,514,286

Consolidated statements of other comprehensive income

(EUR million)	As of 31 December 2010	As of 31 December 2011
Net income	**1,283**	**773**
Other comprehensive income:		
Available-for-sale investments:		
Valuation gain/(loss) taken to equity	0	1
Transfer to profit or loss on sale	-7	0
Cash flow hedges:		
Gain/(loss) taken to equity	0	-1
Exchange differences on translation of foreign operations	0	-1
Other comprehensive income before related tax effects	**-7**	**-2**
Related tax effects		
Available-for-sale investments:		
Transfer to profit or loss on sale	2	0
Total Related tax effects	**2**	**0**
Other comprehensive income net of related tax effects	**-5**	**-2**
Total comprehensive income	**1,278**	**772**
Attributable to:		
Equity holders of the parent	1,262	755
Non-controlling interests	17	17

Consolidated balance sheets

	As of 31 December	As of 31 December
(EUR million)	**2010**	**2011**
ASSETS		
NON-CURRENT ASSETS	**6,185**	**6,217**
Goodwill	2,337	2,323
Intangible assets with finite useful life	1,190	1,155
Property, plant and equipment	2,348	2,401
Investments in associates	2	3
Other participating interests	26	31
Deferred income tax assets	158	121
Pension assets	2	2
Other non-current assets	122	180
CURRENT ASSETS	**2,326**	**2,095**
Inventories	114	116
Trade receivables	1,246	1,328
Current tax assets	198	143
Other current assets	142	152
Investments	43	36
Cash and cash equivalents	584	320
TOTAL ASSETS	**8,511**	**8,312**
LIABILITIES AND EQUITY		
EQUITY	**3,342**	**3,303**
Shareholders' equity	**3,108**	**3,078**
Issued capital	1,000	1,000
Treasury shares	-484	-570
Restricted reserve	100	100
Stock compensation	11	13
Retained earnings	2,476	2,532
Foreign currency translation	4	2
Non-controlling interests	**235**	**225**
NON-CURRENT LIABILITIES	**2,364**	**2,749**
Interest-bearing liabilities	1,406	1,931
Liability for pensions, other post-employment benefits ar	565	479
Provisions	203	180
Deferred income tax liabilities	187	157
Other non-current payables	3	2
CURRENT LIABILITIES	**2,804**	**2,260**
Interest-bearing liabilities	783	41
Trade payables	1,304	1,343
Tax payables	188	229
Other current payables	529	647
Liabilities associated with assets classified as held for sa	0	0
TOTAL LIABILITIES AND EQUITY	**8,511**	**8,312**

Consolidated cash flow statements

(EUR million)	4th Quarter 2010	4th Quarter 2011	Full Year 2010	Full Year 2011
Cash flow from operating activities				
Net income (group share)	230	169	1,266	756
Adjustments for:				
Non-controlling interests	7	5	17	17
Depreciation and amortization on intangible assets and property, plant and equipment	206	182	809	756
Increase of impairment on intangible assets and property, plant and equipment	0	2	1	2
Increase of provisions	15	17	26	2
Deferred tax expense	-7	14	75	20
Fair value adjustments on financial instruments	-5	3	1	4
Loans amortization	0	-3	0	-1
(Gain) / loss on disposal of consolidated companies and remeasurement of previously held interest	-1	-11	-437	6
(Gain) / loss on disposal of property, plant and equipment	2	0	-3	-3
Other non-cash movements	2	2	10	9
Operating cash flow before working capital changes	**448**	**379**	**1,766**	**1,569**
Decrease / (increase) in inventories	15	5	-27	-8
Decrease / (increase) in trade receivables	-12	-36	1	-103
Decrease / (increase) in current income tax assets	-8	0	-28	1
Decrease in other current assets	47	14	58	42
Decrease / (increase) in other non current assets	0	18	0	-34
Increase / (decrease) in trade payables	-17	32	-2	82
Increase in income tax payables	54	23	48	86
Increase / (decrease) in other current payables	-123	-120	-13	28
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-36	-12	-113	-85
Decrease in other non-current payables and provisions	-17	-12	-23	-26
Increase in working capital, net of acquisitions and disposals of subsidiaries	**-97**	**-88**	**-99**	**-17**
Net cash flow provided by operating activities (1)	**351**	**291**	**1,666**	**1,551**
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment	-219	-259	-734	-757
Cash received from / (paid for) acquisitions of other participating interests	1	0	-26	-6
Cash received from / (paid for) acquisition of consolidated companies, net of cash acquired	-3	-3	56	-14
Cash received from / (paid for) sales of consolidated companies, net of cash disposed of	0	-6	0	4
Cash received from sales of intangible assets and property, plant and equipment	0	0	16	7
Net cash received from other non-current assets	1	3	1	1
Net cash used in investing activities	**-220**	**-265**	**-686**	**-764**
Cash flow before financing activities	**131**	**26**	**980**	**788**
Cash flow from financing activities				
Dividends paid to shareholders	-161	-160	-702	-701
Dividends / capital paid to non-controlling interests	0	-24	-30	-24
Net sale of treasury shares	1	3	25	-86
Sale of investments	1	5	26	8
Increase of shareholders' equity	0	0	-1	-2
Issuance of long term debt	-3	-1	2	495
Repayment of long term debt	0	0	0	-773
Issuance / (repayment) of short term debt	0	30	-49	32
Net cash used in financing activities	**-162**	**-521**	**-728**	**-1,051**
Net increase / (decrease) of cash and cash equivalents	**-31**	**-495**	**252**	**-264**
Cash and cash equivalents at 1 January			332	584
Cash and cash equivalents at 31 December			584	320

Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Minority interests	Total Equity
Balance at 31 December 2009	**1,000**	**-509**	**100**	**5**	**4**	**10**	**1,911**	**2,521**	**7**	**2,528**
Fair value changes in available-for-sale investments	*0*	*0*	*0*	*-5*	*0*	*0*	*0*	***-5***	*0*	*-5*
Equity changes not recognised in the income statement	0	0	0	-5	0	0	0	**-5**	0	-5
Net income	0	0	0	0	0	0	1,266	**1,266**	17	1,283
Total comprehensive income and expense	**0**	**0**	**0**	**-5**	**0**	**0**	**1,266**	**1,262**	**17**	**1,278**
Dividends to shareholders (relating to 2009)	0	0	0	0	0	0	-539	**-539**	0	-539
Interim dividends to shareholders (relating to 2010)	0	0	0	0	0	0	-161	**-161**	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	**0**	-9	-9
Non-controlling interests arising in a business combination	0	0	0	0	0	0	0	**0**	220	220
Treasury shares	0									
Exercise of stock options	0	17	0	0	0	0	-2	**15**	0	15
Sale of treasury shares under a discounted share purchase plan	0	9	0	0	0	0	-1	**7**	0	7
Stock options										
Stock options granted and accepted	0	0	0	0	0	3	0	**3**	0	3
Deferred stock compensation	0	0	0	0	0	-3	0	**-3**	0	-3
Amortization deferred stock compensation	0	0	0	0	0	3	0	**3**	0	3
Exercise of stock options	0	0	0	0	0	-2	2	**0**	0	0
Total transactions with equity holders	**0**	**25**	**0**	**0**	**0**	**1**	**-701**	**-675**	**211**	**-464**
Balance at 31 December 2010	**1,000**	**-484**	**100**	**0**	**4**	**11**	**2,476**	**3,108**	**235**	**3,342**
Currency translation differences	*0*	*0*	*0*	*0*	*-2*	*0*	*0*	***-2***	*0*	*-1*
Equity changes not recognised in the income statement	0	0	0	0	-2	0	0	**-2**	0	-2
Net income	0	0	0	0	0	0	756	**756**	17	773
Total comprehensive income and expense	**0**	**0**	**0**	**0**	**-2**	**0**	**756**	**755**	**17**	**772**
Dividends to shareholders (relating to 2010)	0	0	0	0	0	0	-540	**-540**	0	-540
Interim dividends to shareholders (relating to 2011)	0	0	0	0	0	0	-159	**-159**	0	-159
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	**0**	-24	-24
Non-controlling interests resulting from acquisitions	0	0	0	0	0	0	-1	**-1**	-3	-4
Treasury shares										
Exercise of stock options	0	5	0	0	0	0	0	**5**	0	5
Acquisition of treasury shares	0	-100	0	0	0	0	0	**-100**	0	-100
Sale of treasury shares under a discounted share purchase plan	0	8	0	0	0	0	-1	**7**	0	7
Stock options										
Stock options granted and accepted	0	0	0	0	0	3	0	**3**	0	3
Deferred stock compensation	0	0	0	0	0	-3	0	**-3**	0	-3
Amortization deferred stock compensation	0	0	0	0	0	3	0	**3**	0	3
Exercise of stock options	0	0	0	0	0	-1	1	**0**	0	0
Total transactions with equity holders	**0**	**-86**	**0**	**0**	**0**	**2**	**-700**	**-784**	**-27**	**-811**
Balance at 31 December 2011	**1,000**	**-570**	**100**	**0**	**2**	**13**	**2,532**	**3,078**	**225**	**3,303**

Segment reporting

Segment revenue and results

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

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

	Year ended 31 December 2011						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Net revenue	2,262	2,333	252	7	1,506	0	6,361
Other operating income	20	7	2	14	1	0	45
Intersegment income	6	9	64	26	54	-159	0
TOTAL SEGMENT INCOME	**2,288**	**2,349**	**318**	**47**	**1,562**	**-159**	**6,406**
Costs of materials and services related to revenue	-624	-639	-36	-1	-1,338	121	-2,517
Personnel expenses and pensions	-340	-381	-199	-160	-37	0	-1,117
Other operating expenses	-299	-144	-175	-215	-65	38	-860
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,263**	**-1,164**	**-410**	**-375**	**-1,440**	**158**	**-4,494**
TOTAL SEGMENT RESULT (1)	**1,025**	**1,185**	**-92**	**-328**	**122**	**-1**	**1,912**
Non-recurring income	0	0	0	11	0	0	11
Non-recurring expenses	0	-18	0	-7	-1	0	-26
OPERATING INCOME / (LOSS) before depreciation & amortization	**1,025**	**1,167**	**-92**	**-324**	**121**	**-1**	**1,897**
Depreciation and amortization	-139	-17	-446	-74	-80	1	-756
OPERATING INCOME / (LOSS)	**887**	**1,150**	**-538**	**-398**	**41**	**0**	**1,141**
Net finance costs							-106
INCOME BEFORE TAXES							**1,035**
Tax expense							-262
NET INCOME							**773**
Non-controlling interests							17
Net income (Group share)							756

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

Other segment information

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

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
Year ended 31 December 2011							
Capital expenditure	134	18	552	51	22	0	777

Contingent liabilities

Compared to the Consolidated Financial Statements of the year 2010, no changes occurred during 2011 in the contingent liabilities except the Commercial Court's refusal of Belgacom's request to have the expert panel recused/replaced. Following the dismissal by the Commercial Court on 17 March 2011 of Belgacom's motion, an appeal procedure was initiated. In a preliminary ruling of 1 June 2011 the Court of Appeal decided to suspend the expertise awaiting the ruling of the Court of Appeal on the motion whereby Belgacom requests to recuse/replace said panel of experts. The pleadings on this request took place on 6, 7 and 8 February 2012. In the meantime, on 2 January 2012, Belgacom lodged an appeal against the initial decision of 29 May 2007 of the Commercial Court. The introductory hearing took place on 20 February 2012 and these appeal proceedings are to cover all relevant aspects of the case.

Post balance sheet events

In April 2011, Belgacom concluded an agreement to acquire the company that owns the chain of The Phone House Belgium stores for an amount of EUR 22 million. On 2 January 2012 Belgacom finalized this acquisition after the transaction was formally approved by the Belgian Competition Council on 23 December 2011 with the respect of a few commitments including the obligation for Belgacom to divest a number of points-of-sale.

Definitions

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

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

Broadband ARPU: total ADSL revenue, including activation fees, divided by the average number of ADSL lines for the period considered, divided by the number of months in that same period.

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

Mobile active customers: includes voice and data cards as well as Machine-to-Machine (EBU). Active customers are customers who have made or received at least one call, sent or received at least one SMS message or made at least one data connection in the last three months. Prepaid customers are fully segmented as CBU customers.

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

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

MoU (Minutes of Use): duration of all calls from or to Proximus, per active voice customer, per month, also including free minutes included in mobile pricing plans

SMS: number of SMS messages per active customer per month, also including free SMS included in mobile pricing plans

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

Financial Calendar

18 April 2012	Annual General Meeting of Shareholders
27 April 2012	Payment date normal dividend (subject to AGM approval)
4 May 2012	Announcement Q1 2012 results
27 July 2012	Announcement Q2 2012 results
26 October 2012	Announcement Q3 2012 results

For further information

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