

Highlights of 2008

Mobistar Communication Suite for residential customers

Early 2008 saw the release onto the market of Mobistar's Communication Suite, which gives access to various services through a unique interface. Services include Mobistar's PC- and phone-accessible e-mail service on the Orange World portal, a PC-based text and media messaging service, a diary, an individual address book, and more. Mobistar Communication Suite is available to all residential customers (whether ADSL and/or mobile telephony).

Boom in mobile television use via Orange World

Mobistar's mobile portal, Orange World, has significantly expanded its Mobile TV content through new agreements signed with the RTL Group (RTL-TVi and Plug RTL), channels such as Eurosport, Ciné FX (science-fiction films) and AB Moteurs (motor sports). By the end of 2008 Mobile TV was offering thirty channels.

First lenticular campaign

Using JCDecaux Innovate's lenticular printing technology, which creates the illusion of movement, BestDeal's 38 m²-format outdoor campaign in the Brussels and Antwerp areas was a world first. Two Mobistar images, "Je reste" and "Mais je pars quand je veux" ("I'm staying"..."But I leave when I want") are displayed to motorists and pedestrians, with the images changing as they move past the display. The moving image has been used to promote the creative concept behind the campaign.

TempoMusic DJ Contest: mobile recording contract

Mobistar, in partnership with Universal Music and the bank ING, launched the first online DJ-ing competition via the www.tempomusic.be website. The competition attracted 429 hopefuls, with amateur DJs, semi-professional producers and complete unknowns all uploading their work onto the site. Dead Disco Drivers took the prize at the finals, which were held on 12 October 2008, thereby landing themselves Universal's first ever mobile phone recording contract.

Exclusive iPhone3G marketing deal

On 11 July 2008, Mobistar held an overnight sales launch of the year's musthave phone, the Apple iPhone3G, from the Mobistar Center on the Avenue de la Toison d'Or in Brussels. Mobistar has exclusive Belgian marketing rights to the iPhone3G. With the phone's highly successful launch, Mobistar confirmed its position as market leader in the smartphone sector.

One Office Full Pack launch

With its One Office Full Pack, Mobistar is the first operator to respond to the telecommunications needs of self-employed workers and small businesses, offering a unique tariff which combines landline, mobile and high-speed internet services. This innovative and competitive service offers seven different pricing plans to cover a range of customer requirements, meaning customers can cut their telecoms budget whilst still enjoying increased productivity.

Mobistar Messenger by Windows Live: the new mobile instant messaging service

Mobistar, in conjunction with Microsoft, launched the Windows Live Messenger service for mobile phones. It is the first co-branded service to be launched as part of a strategic partnership between Microsoft and Mobistar's parent company, the France Télécom Group. Mobistar Messenger by Windows Live is an installable mobile phone application which allows Mobistar customers to send and receive instant messages to their Messenger contacts from their mobile phone.



Mini-PC launch

As part of its strategy to make the internet available to all, Mobistar has launched the sale of mini-PC's (netbook PCs) from its Mobistar Centers. The most accessible mini-PC is the ASUS Eee PC 701SD, which runs a Linux operating system and has a very user-friendly interface. The slightly more advanced HP2133 mini-PC comes with a Windows XP Home Edition operating system and offers greater memory. These mini-PCs are available with or without internet access, and since their launch have proved a runaway success.

Lower roaming tariffs for business users

Mobistar has cut its roaming tariffs for business users by 50 %. Thanks to the Roaming Fleet option, colleagues within the same company can make calls to each other whilst abroad at the same rate as that for incoming calls. With its Roaming Fleet option, Mobistar is the first Belgian operator to extend the fleet concept to roaming tariffs for business users.

Mobistar becomes 100 % shareholder in VOXmobile

On 12 November 2008, the Mobistar Board of Directors decided to purchase the remaining 10 % of shares in Luxembourg operator VOXmobile, at a cost of 6,675,000 euros. Mobistar had previously acquired a 90 % share in VOXmobile in May 2007, with a call option on the remaining 10 % expiring in May 2010. The option was exercised as planned in order to ensure full integration of the company as quickly as possible and to maximise the synergies between the two operators.

Letter from the Chairman

The crisis of confidence that has shaken stock markets and the overall economy escalated in 2008. In this difficult context, as Chairman of the Board of Directors, I would like to express my recognition to all of the actors who participate in Mobistar's success: our suppliers, clients, shareholders and, especially, all of our employees. I would like to take this opportunity to thank them for their loyalty and for their positive contribution to the attainment of our objectives.

Faced with a very aggressive competitive environment and continuous, ongoing pressure, Mobistar posted better than expected results for the year 2008, with consolidated turnover up 1,5 % in comparison with 2007 and a slightly improved net profit per share. EBITDA remained stable, at 41 % of telephony turnover. These results reflect an ambitious strategy and the consequent technological and marketing investments.

Between 2 January 2008 and 2 January 2009, Mobistar's share was stable, taking into account the payment of the dividend and the capital reduction. During the year ended, our shareholders benefited from the redistribution of nearly 600 million euros. Consistent with its decision taken on 4 February 2009, at the next General Meeting of the Shareholders on 6 May 2009, Mobistar's Board of Directors will propose the payment of an ordinary dividend of 2.90 euros per share. This dividend will be paid as of 15 May 2009. An extraordinary dividend of 1.65 euros per share will be paid as of 14 August 2009.

Mobistar would not have succeeded in consolidating its positions on such a turbulent market had it not been for the personal investment and motivation of each of its employees, which is why I am so keen to thank them. Both the team members and the management team made a huge effort to move Mobistar forward. The Executive Committee, several of whose members were replaced in 2008, is ready to take on the new challenges that we will see in 2009: saturation and consolidation of the market, increased convergence, and new European regulatory measures, all of which in the context of a recession. On behalf of the Board of Directors, I want to express my recognition to all of the members of the Executive Committee for its achievements in 2008, which exceeded expectations. In particular, I would like to pay tribute to the work of Benoit Scheen during the first year of his term as CEO.

The Board of Directors is looking to this new year with confidence, because the company has all of the strengths it needs to continue with its growth and to assert its technological leadership.

Jan Steyaert

Chairman of the Board of Directors



Letter from the CEO

My first financial year as the Chief Executive Officer ended with the company putting in a remarkable performance, taking account of the economic climate and the fiercer competition in the mobile telephony market. Thanks to a can-do policy, new innovative products and a network using the very latest technology, Mobistar raised its value share to 34,6 % as of 31 December 2008.

In our core business, the "mobility centric" strategy, which was fine-turned still further in 2008, really paid off. As of 31 December 2008, Mobistar had a total of 3,818,291 active customers for mobile telephony (including MVNO and VOXmobile customers), or an increase of 7,10 % compared with the end of 2007. We were able to attract 253,872 net new subscribers, a very creditable performance in a market that had a penetration rate of 105 % at the end of 2008.

The classic uses of mobile telephony (minutes of call time and texts) showed a net increase in 2008, while Mobistar has also made a significant breakthrough into new market niches. Through partnership agreements with international players like Microsoft or Apple, we won the leadership in mobile multimedia. The distribution of a comprehensive range of smartphones (including the Apple iPhone 3G) and the launch of mini-PC in the Mobistar Centers contributed to consolidating our positions. The success of Internet Everywhere and Business Everywhere, which passed the 46,827 subscriber mark at the end of 2008, confirms that this nomadic tendency is increasingly popular with users. Mobistar's marketing strategy and brand policy are fully geared to these individual and emotional "mobility experiences".

Mobistar also launched innovative products for business customers. While the One Office Voice Pack consolidated its success in 2008, One Office Full Pack highlighted convergence by offering self-employed people and small businesses a single tariff plan for fixed telephony, mobile telephony and high-speed Internet. In parallel, Mobistar cut its roaming tariffs by up to 50 % for business users, thanks to the Roaming Fleet option.



Moreover, Mobistar increased its lead in Machine-to-Machine communication: in 2009, we will become the global competence centre of the France Télécom Group in this field. This diversification of our product and service offering enables Mobistar to limit year by year the negative impact on its turnover of regulatory measures imposed by the European Union on mobile telephony.

Despite the market constraints and the context of the recession in Europe, 2009 looks like being a good year for Mobistar, which aims to consolidate its positions on the market as well as its financial performance. Thanks to the acquisition of the remaining 10 % of the capital of VOXmobile, new synergies which promise more added value will be set up between the two operators. Continuing with its strict policy of cost control, consolidation of its offering in the various market segments and strengthening of its direct and exclusive distribution channels, the Executive Committee will continue to make the company change so that it is well prepared to meet the requirements of tomorrow's world. Soundness, efficiency, flexibility and ethics underpin that policy.

Benoit Scheen Chief Executive Officer

The telecommunications sector

Following a number of buy-outs, competition on the mobile telephony market got much tougher over 2008. Continued regulatory pressures have had a negative impact on Mobistar's overall turnover figures, but this is gradually easing year on year thanks to the company having extended its range of services.

Competition in the marketplace

Penetration rate exceeds 100 %

In 2008, mobile telephony broke the 100 % penetration barrier, clearly indicating that a growing number of people now have more than one mobile phone. By the end of December this figure had reached 105 %. Competition between operators has become increasingly fierce within an ever more strictly regulated environment.

The battle over combined offers

In 2008, both mobile operators and fixed-line service providers have evolved to develop some aggressive commercial policies, based around combined service offers (triple or even quadruple play offers, combining mobile, landline, ADSL and television services). The underlying strategy for these commercial gambits is customer retention, with existing clients being the crucial target market for most operators. The resulting downwards pressure on prices unquestionably benefits customers.

· A new wave of consolidations on the global telecoms market

2008 was marked by several buy-outs, giving some operators more dynamic vertical integration as well as increasing their market share (through new distribution channels, inter alia). As a result, the market now has fewer alternative operators. As a result of certain acquisitions, 2008 saw competition become much stiffer within the business market.

Regulatory pressures

No tacit extension of 2G licences

At the end of November 2008, Mobistar was officially notified by the IBPT and the Belgian Minister of Enterprise and Administrative Reform that there would be no tacit extension of the 2G licence, which is valid up until 27 November 2010. The Minister and the IBPT announced a possible renewal of the licence until July 2013, dependent upon financial conditions to be set out in a Royal Decree.

It is Mobistar's belief that the decisions of the IBPT and the Minister run contrary to, inter alia, principles of good governance, proportionality and non-discrimination. Consequently, at the end of December, Mobistar instigated legal proceedings before the Conseil d'Etat and the Court of Appeal in Brussels to request that decisions be suspended and declared null and void.

Double reduction of MTR tariffs

In December 2007, the Belgian Institute for Postal Services and Telecommunications (IBPT) ended the mobile termination rates (MTR) for the three national mobile networks for the period covering 1 February to 30 June 2008. The operators contested the IBPT's decision and the Brussels' Court of Appeal suspended it on 4 April 2008. Consequently, the IBPT made a new decision to lower MTR tariffs with effect from 29 April 2008: this is likely to entail a greater inequality between operators and therefore goes against the principles set out in the prior decision of 11 August 2006. These new cuts were introduced in May and July 2008.

The IBPT's additional decision imposes less of a financial penalty upon Mobistar but the reduction of MTRs does not alleviate the impact on the average revenue per user, nor on roaming tariffs.



The three mobile operating companies contested the decision of 29 April 2008 before the Court of Appeal, citing the same arguments as those put forward in the legal case against the decision of 11 August 2006. The actions against both decisions were taken jointly. A judgement is expected from the Court of Appeal some time in the first half of 2009.

New cuts to roaming tariffs

On 1 August 2008, Mobistar cut its roaming rates (tariffs applicable to calls made and received abroad, as well as to wholesale charges made by operators to each other) for the second time, in line with European legislation. The first price was made on 1 August 2007.

Universal service: referral to the European Court of Justice

In early 2008, along with other operating companies, Mobistar opposed certain aspects of the planned compensation system to Belgacom as part of 'social tariffs' for those on low incomes. In its judgement of 1 September 2008, the Constitutional Court resolved to submit a preliminary question to the Court of Justice of the European Communities regarding compliance of the compensation system with European community law. This court also dealt with a case in September 2008 brought by the European Commission, which considers that certain provisions of the Belgian law contravene European legislation. This action was following a case brought before the Commission by Mobistar and the majority of alternative operators.

Electromagnetic radiation emission standards

Mobistar and the other mobile operating companies which form the GSM Operators' Forum (GOF) appealed to the Constitutional Court against the Brussels ruling of March 2007 designed to limit sharply the level of electromagnetic radiation emitted by GSM operators' masts. The operators challenged, inter alia, the exclusive authority of the Brussels Region to determine health and safety standards. The Constitutional Court returned a verdict on this matter on 15 January 2009, in which it rejected the mobile operators' proceedings for annulment, on the basis, inter alia, that the Regions have the right to set limits on GSM mast emissions. As the ruling by the Brussels Region aims to limit emissions to 3V/metre, operators will therefore have to greatly increase the number of relay stations to guarantee network quality.

Abuse of market power

In May 2007, the Brussels Commercial Court appointed two experts to act in the case of Mobistar and Base vs. Proximus regarding abuse of market power. The experts' report is expected to be made available within the first half of 2009.



Mobistar strategy

The mobile telephony market, which has reached maturity, is facing intense competition and heavy regulatory pressure. In the face of these challenges, Mobistar has continued to focus on substitution in the residential segment, and has deepened its convergence policy in the business market.

It has also chosen to set itself apart through an increasingly personalised offering, focusing on mobility experiences.

Facing an environment under pressure

In order to equip itself with the best weapons to continue growing in an extremely tight market, Mobistar continued to fine-tune its strategy in 2008.

The operator has put mobility - individual, emotional - at the heart of its strategy. It considers mobility as a state of mind, and the objective is to offer customers all the marketing tools and services which enable them to access, without any constraints, the contacts, information, communication channels and entertainment that they are looking for. This results in the possibility for an individual, the members of a family, the employees of a company, to connect to the Internet anywhere, anytime, using a phone or a PC.

Encouraging substitution

In the residential segment, the operator continued its policy of substitution, encouraging customers to replace landlines by mobile phones. The success of products like AtHome or Internet Everywhere confirms the relevance of this strategic choice.

As convergence continues apace, the operator has launched new products such as the Monster Pack or Mobistar ADSL Max6 + Voice. The latter product combines ADSL with fixed telephony for a very competitive price.

Meeting the needs for convergence

Mobistar is also meeting the need for convergence of the business market. Successively, in 2007 and 2008, it launched One Office Voice Pack combining fixed and mobile telephony and One Office Full Pack offering a single tariff plan combining fixed, mobile and high-speed Internet.

Opting for strategic alliances

Following on from the policy of previous years, Mobistar intends to enhance its market presence in 2009 through strategic partnerships, for example with players in distribution, content providers or other operators. It also wants to extend its existing partnerships.

Standing out from the competition

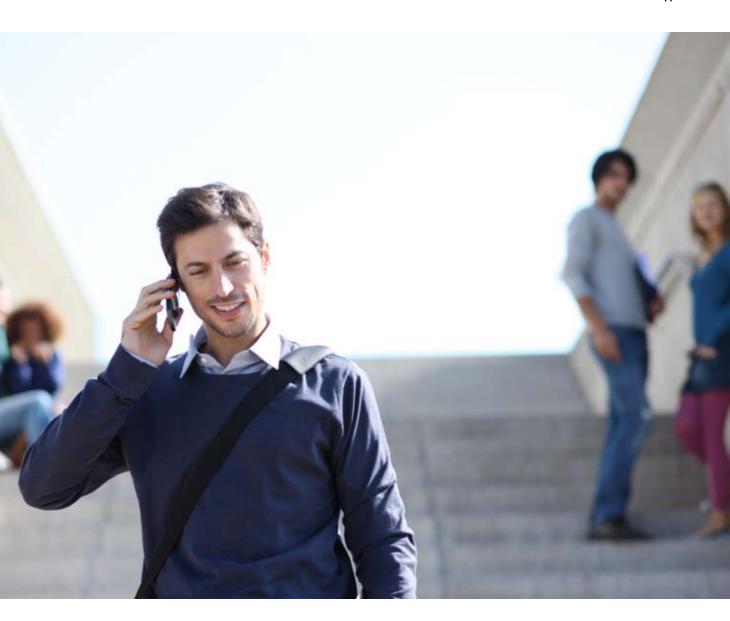
Personalised offerings

Mobistar is seeking to meet specific needs of its customers by segmenting its offering. The operator was the first to design products specifically suited to families. TempoMusic has become a firm favourite with youngsters. We are also focusing on the business segment.

Broader communication

Mobistar interprets communication in its broadest sense and its service offering goes beyond mere mobile telephony. The share of multimedia and mobile data is assuming growing importance in its turnover. News and entertainment are segments that will develop considerably in the near future.





Strategic coherence that is paying off

The growth of the customer base confirms the success of the Mobistar's "mobility centric" approach. As of the end of December 2008, Mobistar had a total of 3,818,291 active customers for mobile telephony (including MVNO and VOXmobile customers), or an increase of 7,10 % compared with the end of 2007. The segmented approach via the MVNO remains a success, and enabled 139,049 new customers to be signed up in a year. At the end of December 2008, Mobistar had 345,154 MVNO customers via its Telenet and Lycamobile partners.

Despite a particularly difficult economic context, Mobistar further increased its market share in value terms: it reached 34,6 % at the end of December 2008.

VOXmobile: 100 % Mobistar

On 12 November 2008, the Mobistar Board of Directors decided to buy back the 10 % of the shares of Luxembourg operator VOXmobile which it did not already own. This move cost 6,675,000 euro.

In May 2007, Mobistar acquired 90 % of the shares in VOXmobile had an option to buy the remaining 10 % by May 2010. It was decided by mutual agreement with the shareholders of VOXmobile, to exercise this option early, in order to allow faster integration of the business and maximise the synergies between the two operators. VOXmobile is now better equipped to withstand the growing competition on the Luxembourg market.

The Mobistar brand and the marketing strategy



Mobistar is positioning itself as a major player in mobile Internet, which looks like expanding considerably. The marketing strategy is fully geared towards fulfilling these new needs, but also caters for the regular growth in classic uses of mobile telephony, which showed particularly strong growth in 2008.

Consolidating Mobistar's brand identity

A joined-up public relations, branding and product strategy

Throughout 2008, Mobistar developed its communication, brand strategy and advertising campaigns to create a completely consistent company image, and one which really stands out from the competition. Underpinning this strategy is the concept of total mobility, which has proved tremendously successful within the marketplace. To reinforce this, Mobistar capitalised on its "Love, Work, Play" logo, which was launched in 2007 and which enjoys clear consumer recognition: in April 2008, only fourteen months after its launch, it achieved a 78 % recognition rating.

A customer survey conducted in summer 2008 confirmed Mobistar's innovative position and its underlying values (freedom, personal achievement, openness to the world). In September 2008, this repositioning took the form of an important 360° campaign, which was varied to suit various media and target markets.

Mobility-focused product campaigns

The restructured Mobistar brand is more consistent than ever across its product range: the "mobility experiences" depicted in its product campaigns reinforce brand recognition and, at the same time, the appeal of Mobistar products.

Several marketing campaigns, substantial elements of which revolve around internet and experiential marketing, have been used to support this initiative and have boosted sales of AtHome, Internet Everywhere and TempoMusic, whilst consolidating the emotional link with Mobistar. The iPhone3G also benefited from an innovative launch

during summer 2008, with one slogan featuring prominently in the country's airports and main-line stations. This campaign continued through to the end of the year.

Creativity was used to similar effect for the businessuse sector, with a new radio and internet campaign for the One Office range, which consolidated Mobistar's position as a global operator on the B2B market.

Mobistar will continue to follow the same strategy in 2009 in order to further consolidate the relationship of closeness and trust which links the company to its customers.

Digital living in customers' hands and at the heart of our marketing strategy

· Leadership in smartphones

The Apple iPhone3G, which attracted huge media coverage at its launch event on 11 July 2008 (organisation of night-time sales at the Mobistar Center in avenue de la Toison d'Or in Brussels), is the mobile telephony product that aroused the most enthusiasm during the past year.

In September, after the launch of the LG Diamond and the iPhone3G, Mobistar also launched the Samsung Omnia, for which it also has exclusive rights. These launches fit perfectly into the Mobistar strategy, which already offered an integrated mobile solution from BlackBerry or Microsoft. So the operator now holds the leadership in the smartphone segment.

Internet affordable for the general public

Via its low-cost Internet access rates, Mobistar aims to make telecommunications accessible to everyone. Compared with other European countries, Belgium is lagging behind in terms of market penetration of high-speed Internet. Alongside its range of smartphones, Mobistar successfully launched two mini-PC models in 2008 at all Mobistar Centers, supported by ADSL and Internet Everywhere offers that are particularly attractive.

· Boom in mobile data traffic

In 2008, the data traffic over mobile telephony networks boomed in Belgium, as it did all over the world. Mobistar made a major contribution to this trend by encouraging the multiple uses of mobile Internet.

The Orange World mobile portal was given a new look in 2007, but further enhanced its range of services in 2008 to meet the needs of different user profiles, whether they are Love, Work or Play ... In 2008, it had nearly 300,000 active users per month.

In July 2008, Mobistar launched, in cooperation with Microsoft, the Windows Live Messenger service on GSM mobile phones. It is the first co-branded service launched as part of the strategic alliance between Microsoft and the France Télécom Group, Mobistar's parent company.

Sharp rise in m-banxafe transactions

Although it has been relatively slow to develop on the Belgian market, mobile banking is attracting growing interest from Mobistar customers. The total number of m-banxafe (Banksys) operations, which range from consulting your bank balance to secure payments, grew by 44 % between 2007 and 2008.

Partnerships in mobile marketing

In September 2008, Mobistar launched a joint action with the Pumbby company to promote mobile advertising with its customers. After registering on Orange World or on the site www.tempomusic.be, Mobistar customers receive advertising on their mobile phone in exchange for a saving. Via the Pumbby portal, they can then convert this promotion into prepaid cards, cinema tickets or other cultural products, or ask for money to be transferred to a bank account.

TempoMusic: exclusive advantages and recognition of the brand

In partnership with Universal Music, Mobistar was the first to launch a top-up card combining mobile telephony, music and multimedia services. At the end of 2008, TempoMusic reached the 730,021 customer mark.

TempoMusic customers benefited from several exclusive advantages in 2008. The two most striking events were the showcases for Amy Macdonald and Martin Solveig.

The launch by Renault of the Twingo TempoMusic, a limited edition intended for the Belgian market, was a fabulous acknowledgement of the TempoMusic brand, and Mobistar as the leader of the youth market in Belgium

Mobistar is the "coolest" mobile operator

For the third year in succession, MTV Networks Belgium surveyed young people to designate the coolest brands of the year. This survey was carried out by the InSites Consulting market research firm on 1,778 Belgians from 13 to 29 years old. Mobistar was voted "Coolest Mobile Phone Operator", ahead of MTV Generation and Proximus.



Distribution and customer services

Mobistar has used exclusive distribution channels to optimise its response to the needs of each type of consumer. The Mobistar Centers showed continued growth in 2008 and the success of on-line sales was confirmed..

Multichannel distribution

The leading telecoms brand

With 154 shops owned outright or franchised at the end of 2008, Mobistar Center has confirmed its leadership in the telecoms distribution market. With a total of some 750,000 mobile phones sold last year, the chain has a market share of 18 %.

Mobistar, which has exclusive Belgian marketing rights for Apple's iPhone3G, launched the product successfully in July 2008: sales figures have substantially exceeded forecasts. The launch of the iPhone3G also boosted sales of other brands' touchscreen handsets, helping maintain sales in a gloomy economic climate.

Mobistar also carried off a very smart operation by launching sales of two mini-PCs (netbook PC's) from Mobistar Centers, establishing itself as the first mobile operator aiming to democratise purchases of portable



PCs and development of the smartphone range. The success of on-line sales speaks for itself and Mobistar, which considers the Internet as an important strategic factor in multichannel distribution, will continue to make investments here in 2009.

At the end of 2008, this department (sales, marketing, communication) involved a dedicated team of ten people.

Growth in the B2B segment

Personalised relationships

Mobistar continued with its development strategy in the B2B segment, setting up its own teams for relationships with large accounts and a network of independent agents for the SoHo (Small office-Home office) market. These partners are rigorously selected, with the intention that Mobistar will develop long term relationships.

In 2008, Mobistar continued with the process of certification for independent agents started the year before. Today more than 75 % of the external sales force is certified. A training programme, too, has been provided to support the development of the new "triple play" services.

A network of Business Solutions Partners

Mobistar has started setting up a network of Business Solutions Partners, capable of providing complete telecoms solutions. The first contract was signed with Business Com and EuroSys in 2008. The prospects for 2009 are promising thanks to a new partnership with the TelelinQ group who have just been signed up.

Customer-centric approach

• Optimising the way we work

In 2008 Mobistar consolidated the action plans started in the two previous years for the outsourcing of some operational and support activities. By the end of 2008 around 60 % of services to customers were outsourced.

In 2009 Mobistar intends to consolidate its customercentric approach by optimising the ways that various distribution channels work and all the services provided to customers.

Contact Centres: intense activity

In 2008 Mobistar's contact centres recorded 3,811,680 incoming calls, 1,972,000 outgoing calls and 675,919 e-mails and letters received. Nearly 16,500,000 million invoices were issued during the year.

computers to give easy Internet access. At the same time, Internet Everywhere, one of Mobistar's key products, continued to increase in popularity.

Mobistar opened 4 new owned sales points in 2008, bringing the total number up to 31. The objective is to build up a network of around 200 Mobistar Centers (owned and franchised) by the end of 2009.

New ICT sales points

In 2008 Mobistar continued to optimise its distribution networks to the large public. In parallel with some 6,000 sales points mainly handling rechargeable cards, Mobistar set up a collaboration with a hundred ICT sales points (Exellent IT, Connected IT, Didi Trader, etc.) for the distribution of its Internet products (ADSL connection and Internet Everywhere).

On-line sales progress

The range of Mobistar products sold over the Internet continued to expand in 2008, with the launch of netbook

Residential market

In 2008, Mobistar continued the differentiation of its offering to meet the needs of private customers. The operator also expanded its range of services in order to meet increased requirements for mobility, both in telephony and data services. This approach, focused on 'total mobility' and the segmentation policy played a preponderant role in Mobistar's sales success.

Striving towards total mobility

The rewards of segmentation

In telephony, Mobistar developed a range of products and relevant special offers for each segment of the residential market (individuals, families of individuals). The aim is to provide the right solution for every user, depending on their mobility needs and lifestyle. This policy enables customer loyalty to be boosted over longer periods. The number of new contracts signed in 2008 is very high.

The soundness of segmentation can also be seen via the continuing success of TempoMusic, which consolidated its leadership among the "youth" segment and enjoys genuine brand recognition.

Mobistar AtHome

On the residential market, the substitution of landlines by mobile continued in 2008. The AtHome formula, launched in 2007, had 124,582 customers at the end of 2008.

Mobistar Monster Pack

The flagship product of 2008, the Mobistar Monster Pack, which was launched in September, confirms the "mobility centric" trend and the need for convergence. This holistic solution offers customers a genuine mobility experience, because starting at 14 euros per month, customers can phone and send text messages via their mobile phone, call in an almost unlimited way from home to landlines in Belgium thanks to the integration of Mobistar AtHome, and have access to mobile Internet anywhere they go through Internet Everywhere. This is all without paying landline rental.

Staying mobile abroad

2008 was the first full year of application of the first phase of reductions in roaming tariffs imposed by the European Commission. The second phase was implemented from 30 August 2008.

In this context, Mobistar continued its policy of developing services and offerings for using mobile abroad. The Favourite Country option, which was launched in June 2008, offers a 33 % reduction in the country of the user's choice. From the same month, the tariffs for using Internet access abroad were reduced significantly for all customers, via monthly offers, both in Europe and in the rest of the world.

Connected anywhere, anytime

Mobistar put the emphasis on individual and "emotional" mobility in 2008. This direction will be maintained in 2009, including in a family context. The operator has developed an action plan which should lead to the creation of customised offerings for "self-fulfilment through mobility experiences", the vision that Mobistar expects to set it apart from its competitors.

Mobistar Communication Suite

In March 2008, Mobistar introduced the Communication Suite, which enables users to access many services via a single interface: a Mobistar e-mail service accessible on a PC or a mobile phone via Orange World, sending text and picture messages from your PC, a diary, etc.

Mobile Mail&Surf Max

For customers who want absolute mobility, Mobistar launched, in July 2008, Mobile Mail&Surf Max, a fixed-price data package for surfing on your mobile (2 GB for 30 euros per month). In 2008, more than half of sales in mobile data were made thanks to Mobile Mail&Surf Max.



Orange World

Mobile data transmission experienced accelerated growth during the third quarter of 2008 thanks to a broader service offering. This offer, which focuses on Orange World, the Mobistar mobile portal, has nearly 300,000 active users per month. The Mobile TV content has added sports events and fiction (the Olympic Games in partnership with the RTBF/VRT); Eurosport & Eurosport2, AB Moteurs, Ciné FX). The Music Store expanded in 2008 and now has nearly 1 million songs available. Since December 2008, Mobistar customers have also had the possibility of viewing videos proposed by Dailymotion.

Mobistar Messenger by Windows Live

In July 2008, Mobistar launched Mobistar Messenger by Windows Live in collaboration with Microsoft. This service enables customers to see their Messenger contacts and chat with them from their mobile phone.

Data packages for iPhone3G

The successful launch of the iPhone3G contributed to boosting Mobistar's turnover, and fits perfectly into the range of smartphones distributed by the operator. Three new customised data formulae were on offer to residential customers: My30 for iPhone, My45 for iPhone and My60 for iPhone.

Simplifying Internet access

• Internet Everywhere

The success of Internet Everywhere, launched in 2007, surpassed expectations. This product, which benefited from new offerings in 2008, is aimed at people who want to use the Internet occasionally at a competitive price, and people who already have an Internet connection at home, but also want to be able to surf when they are away from home. Internet Everywhere customers don't need a landline, but surf on the national EDGE network or the 3G/HSDPA network. On 31 December 2008, this concept had attracted to over 46,827 people.

Commercialisation of the mini-PC

Mobistar has been selling mini-PCs (notebook PC) since the end of October 2008. The operator aims to simplify Internet access even more, by offering solutions to people who want a cheap package, or want to have Internet access everywhere. The cheapest mini-PC (199 euros) is the Asus Eee PC 701SD, with a Linux operating system and a very simple client interface. The more sophisticated HP2133 mini-PC is supplied with a Windows XP Home Edition operating system and more memory, at a price of 229 euros. These mini-PCs are sold in Mobistar Centers, with or without Internet access.

Business Mobility

Mobistar is working to help companies boost their productivity by offering them better operational mobility. Thus Mobistar has launched offers that combine fixed and mobile telephony and internet, allowing free calls between colleagues.

Global Solutions

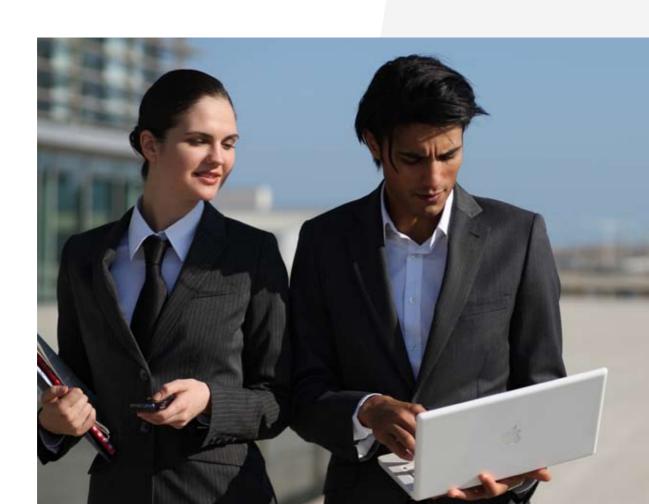
Mobistar One Office Voice Pack

The One Office Voice Pack was successfully launched in 2007 and really took off in 2008. This converged package (fixed voice – mobile voice) offering free internal business communications from fixed lines and mobile devices not only took the SoHo (Small office-Home office) market by storm, but also the SME and larger business market. By the end of December 2008, there were 143,748 mobile cards using the One Office Voice Pack.

Mobistar One Office Full Pack

Whilst businesses are looking for global solutions for their basic telecommunications services, they also want to keep it simple: that means one contract, one bill, one customer service department and a single dedicated account manager. Surveys reveal that 77 % of businesses only want a single service provider for their fixed telephony, mobile telephony and internet services, with almost 90 % of them also intending to cut their overall telecommunications budget.

To respond to these requirements, in May 2008, Mobistar launched a solution which offers ever greater convergence for the SoHo market. With its One Office Full Pack, Mobistar is the first operator to respond to the telecommunications needs of self-employed workers and small businesses, by offering a unique tariff which combines fixed line, mobile and high-speed internet services. This innovative and competitive service offers seven different plans to cover a range of customer requirements, meaning customers can cut their telecoms budget whilst still enjoying increased productivity.



Staying connected

• Partnerships with prestigious companies

Services tailored for the business market which combine traditional mobile telephony with simple e-mail and internet usage increased by over 40 % in 2008. Already in a strong position of this niche market thanks to integrated BlackBerry mobile solutions, Mobistar has forged new partnerships with international companies such as Microsoft (Mobistar Messenger by Windows Live) and Apple (iPhone3G). As part of its iPhone3G marketing, Mobistar has launched the iPhone3G for Business service at a cost of 25 euros a month (excl. VAT), giving business users 1 GB of data, an hour of WiFi access and an hour of calls.

Roaming Fleet

In November 2008, Mobistar cut its roaming tariffs for business users by 50 %. Thanks to the Roaming Fleet option, colleagues within the same company can make calls from their mobile phone to each other whilst abroad at the same rate as that for receiving calls abroad.

This option is available for all cards on a business tariff at a cost of 1.50 euros per card, per month. The tariff applies to all calls between colleagues, at any time and independent of network. A single tariff to cover both outgoing and incoming calls between colleagues abroad not only represents a good deal to the customer but also offers greater professional mobility and efficiency.

With this Roaming Fleet option, Mobistar is the first Belgian operator to extend the fleet concept to roaming tariffs for business users.

Favorite Country

The Favorite Country option was launched in June 2008, and cuts the cost of calls by 33 % within the country chosen by the user. Within Luxembourg, the price of outgoing calls is the same as that for incoming calls.



An international centre of excellence in the MaTMa market

Mobility is also crucial on the MaTMa (Machine-To-Machine) market. Growth in this sector increased by over 35 % in 2008, thanks to the development of new applications. With almost 110,000 cards installed, Mobistar remains the undisputed leader within this market.

Machines requiring monitoring are fitted with a SIM card which means they can send and receive data on the Mobistar network, or its partners' networks. In 2008, as in previous years, demand was especially high for both portable payment terminals and for tracking applications for vehicles, lorries and other rolling stock.

In 2009, Mobistar is set to become France Télécom's international centre of excellence for MaTMa connectivity. This decision will have a positive impact on the turnover and staffing levels of this department.



Network and operations

In 2008, Mobistar continued to implement a new generation network architecture and carried out the analyses needed to implement the three-year plan to modernise its IT architecture. This technological leap is enabling Mobistar to offer its clients the best products and services, while rigorously controlling costs.

Growth of the network

Increase in the 2G network's capacities

In 2008, Mobistar further strengthened its 2G network's deep indoor coverage. The 2G network is fully EDGE standard compliant and allows for multimedia applications; its capacities were significantly increased in 2008. At the end of 2008, this network had 3,265 base stations, covering nearly all of the country's population.

Rapid expansion of 3G technology

Mobistar continued the replacement of the former Nortel network with Huawei and increased the number of 3G/HSDPA sites, bringing the number of Huawei sites to 1,181 at the end of 2008, compared to 300 at the end of 2007. This network provided indoor coverage of 80 % of the country's population.

At the end of 2008, the HSDPA (High Speed Downlink Packet Access) technology was available on Mobistar's entire 3G network. The HSUPA (High Speed Uplink Packet Access) technology has also been activated on all of the 3G sites, truly paving the way towards a high-speed mobile Internet.

New generation network architecture

The migration from MSC (Mobile Switching Center) infrastructure to Huawei's MSC R4 equipment, which began in 2007, continued in 2008. At the end of 2008, 60 % of the network's traffic passed through this new infrastructure. The introduction of a new generation backbone (Next Generation Network) will ensure nearly unlimited capacity, with better cost control.

The Bordet (Brussels) site, to which the former St. Michel site's telecom equipment has migrated, has become Mobistar's main switching centre. In 2009, it will also house the IT equipment repatriated from Charleroi. The St. Michel site's IT equipment has migrated to the Interxion Belgium hosting centre, in Zaventem. In 2009 and 2010, Mobistar will continue with the implementation of this new strategy. After renovation, the Charleroi site will become Mobistar's second largest switching centre. In addition, a combined telecom-IT centre will be built in Antwerp, and a new switching centre will be built in Liège.

In 2009, Mobistar plans to replace the current SGSN (switches) and the GGSN (IP access modules) with new generation equipment. The replacement of the HLR (Home Location Register) with nHLR (New Generation HLR) is also part of the 2009 programme.

Modernisation of the transmission network

In 2008, Mobistar decided, on the one hand, to modernise its fibre optic network using the new generation of WDM technologies linked to IP (IP/MPLS) and, on the other, to deploy its own new generation radio links network. The goal of this project is to very significantly increase capacity and transmission speed to the Mobistar sites, while reducing transmission costs.

At the same time, in 2008, Mobistar continued with the deployment of its own DSLAM (Digital Subscriber Line Access Multiplexer) in Belgacom colocation centres. At the end of 2008, there were 138 of these, covering 45 % of the country's households and delivering high speed and VoIP services. This infrastructure is also used to connect our 2G and 3G radio sites ('mobile backhauling'), making it possible to reduce considerably the expenses of leasing lines, while increasing the bandwidth capacities to handle advanced multimedia applications on our 3G network. In 2009, Mobistar will continue to complete the coverage and start to gradually migrate this equipment towards IP equipments.

To respond to the strong growth in traffic, in 2008, Mobistar also implemented the Sigtran signalling technology throughout its network.

New services platforms

In 2008, Mobistar continued with the replacement of its services platforms. The capacity of its two SMSC platforms (Short Message Service Center) was increased and a third platform of the same type was brought into service. The introduction of FDA (First Delivery Attempt) functionality significantly increased SMS traffic to Mobistar clients, thereby satisfying demand for marketing combined offers (free SMS bundles), while reducing costs.

As a result of the successful implementation of the VoIP/IMS platform, Mobistar launched its first commercial offers on the residential market. Mobistar is the first France Télécom Group subsidiary to use the SIP protocol (Session Initiation Protocol) for this type of product. Mobistar also achieved success with the first VoIP product for the SoHo market.

Management of the technical network

In 2008, the partnership with Ericsson to manage Mobistar's entire technical network made possible the construction and acquisition of a much larger number of 3G sites than previous years. Half of the BSC (2G) and all the RNC (3G) were migrated towards the MSC R4. The network's capacity was increased significantly by adding about 500 capacity extensions on the existing 2G sites as well as data capacity extensions on the BSC's, new functionalities were activated, such as AMR Half Rate technology. Moreover, the network was optimised and the number of drop calls was greatly reduced.

IT infrastructure modernisation plan

At the end of 2008, Mobistar signed a three-year contract with Accenture to manage IT development activities. The activities of a dozen suppliers were combined into one entity in order to increase efficiency and achieve cost savings.

In 2008, the three-year IT infrastructure modernisation plan began with a complete analysis of needs and applications. Based on this analysis, Mobistar decided to replace its entire invoicing system and its customer care infrastructure with a new solution. After a procedure to select an integrator at the beginning of 2009, Mobistar plans to carry out the first implementation phase in the four quarter of 2009.

Human resources

Human resources management has to meet challenges posed by a fiercely competitive environment and a difficult economic context.

The personal development and satisfaction of each Mobistar employee are the key focus of the HR policy.

Sophisticated management tools

Deployment of personal development plans

The personal development plan (PDP) of each Mobistar employee enables advanced management of skills and encourages internal mobility within the company. The PDP process was launched in 2007, and developed strongly in 2008, with line managers and team members "loading" the system with data resulting from their sixmonthly interviews. This data enables the profile of each employee to be fine-tuned and encourages proactive management of supply and demand for skills. The target set by the human resources directorate is to achieve a loading rate of 85 % to 90 % by mid-2009.

Towards an integrated solution of all HR functions

The deployment of the PDP process is an essential first step towards the implementation of an integrated computerised solution for all HR functions: from the input of the personal details of each team member to career management, via training requests or e recruitment (25,000 unsolicited applications are sent to Mobistar each year). During in the course of 2008, this system will be implemented in 2009, and will allow advanced management of the various HR functions.



Team Member Satisfaction Survey 2008

Improvement of overall satisfaction

The Team Member Satisfaction Survey (TMSS) measures employee satisfaction at Mobistar, using various parameters. The results of the latest survey, circulated in March 2008, reflect a positive development in comparison with 2006 on important points such as mobility and stress management within contact centers.

Change management

Via satisfaction surveys, Mobistar team members expressed certain fears about changes within the organisation. Changes were made inevitable by the fiercer competition in the telecoms market, and further aggravated by the crisis that arose in 2008. From 2009 onward, the human resources directorate intends to put the emphasis on improved integration of the concepts of change and continuous adaptation.



Increased mobility

After a pilot phase within the sales department, teleworking was implemented in phases throughout 2008, at the rate of one department every six weeks. There are strict rules governing working from home, currently limited to a maximum of 2 days per week. A review of this policy was carried out at the end of 2008: the results were extremely positive, from the viewpoint of mobility as well as staff motivation.

En route for Sirius

The cornerstone of the Sirius building, which will house the new headquarters of Mobistar from 2009 onward, took place on 24 September 2008, in the presence of several important political and business figures from Brussels. The construction of this building of nearly 30,000 m² above ground, on the site of the former Honeywell building, will be carried out on a particularly short timescale, since the work will be carried out by 30 September, 2009, with part of Mobistar's activities already being transferred to the Sirius as early as July 2009. The thinking about the interior design of the building started in the final quarter of 2008.

Appointments to the Executive Committee

Benoit Scheen took up his functions as CEO on 1 January 2008. He started his Mobistar career in November 2005 as Chief Commercial Officer (CCO) and member of the Executive Committee. In that capacity, he took responsibility for all the commercial activities relating to private and business customers at Mobistar

Paul Baeck succeeded Benoit Scheen as CCO from 1 August 2008. After having run the Midas company, he joined The Phone House, where he was appointed Managing Director a year later. Under his management, this company became one of the leading independent chains in the telecoms sector in Belgium.

On 1 January 2008, Pascal Koster, Managing Director of VOXmobile, was appointed Chief Technology Officer at Mobistar, replacing Bernard Buyat. However, he has retained his functions within the Luxembourg operator, of which he was one of the co-founders.

Corporate social responsibilty

Mobistar wishes to act responsibly within Belgian society. The company's commitment focuses on three main areas: society, the environment and consumer protection.

Social commitment

Participate!

Social commitment is at the heart of Mobistar's corporate social responsibility policy. In 2008, the company continued its work with the Participate! project, which is perfectly in keeping with the company's image and mission. The aim of this project is to help improve the quality of life of people sufferig from autism spectrum disorder and their families, through the development of information and awareness-raising tools.

For those parents without internet access, the non-profit-making organisation Participate! has produced a booklet on understanding and living with autism, available in French and Dutch. This document covers the first section of the website www.participate-autism.be, which aims to act as a point of reference for anyone looking for quality information on autism. The paper version includes a DVD.

Moreover, a second section on child development has also now been added to the website. It covers education strategies for improving a child's daily life within the family, organising leisure activities, communication, etc. Visitors can take three routes through the site: texts, case studies and videos showing events from everyday life.

On 25 October 2008, Participate! organised a conference entitled "Autisme, jour après jour". It was attended by nine hundred parents and some hundred professionals; who were able to attend six separate talks and visit the various information stands. A day-nursery for children suffering from autism spectrum disorder was provided. A survey on the event was sent out to 500 participants via email in November 2008, and results showed that 91 % of respondents would like to see a second conference held.

Mobistar has been involved with the Participate! project for three years now. In 2009, the company will draw up a report on activities deployed and will outline its future strategy.

• Commitments to Business & Society

In 2008, Mobistar renewed its membership of the non-profit-making organisation Business & Society Belgium, a network of businesses and associations that wish to incorporate corporate social responsibility into their management and activities.

Partnership with Think-Pink

Think-Pink is a long-term awareness-raising campaign which was set up to help fight cancer in Belgium. It is supported by the Fondation contre le Cancer. Mobistar and Belgium's two other national phone operating companies have joined forces with Samsung for this campaign, with 10 euros being paid to Think-Pink on all purchases of a specific Samsung phone.

Environmental responsibility

Mobistar is making a concerted effort to minimise the environmental impact of its activities, whilst ensuring that its goods and services remain of the highest quality.

• Energy-saving measures

Mobistar intends to reduce its energy consumption and promote the use of green energy sources at all its sites. All sites are fitted with low-energy electric light bulbs. At its new site in Evere, Mobistar is to take things a step further: the Sirius building's architectural design and technology will allow it to boast an overall energy usage of E80, whilst the current regulatory standard for the Brussels region is E90. The subsequent installation of almost 200 m² of thermal and photovoltaic solar panels will reduce this rate yet further.

CO2 reduction

Mobistar is aiming to reduce its CO2 emissions year on year. Team members have the option of working remotely and via teleconferencing. Our company fleet is composed of vehicles with low CO2 emissions and hybrid vehicles. This policy is managed by the Vigeo agency and has yielded excellent results. CO2 emissions, as well as the average vehicle's fuel consumption, went down in 2008. Moreover, in 2008 the finding of the "Mobility" working group led to the widespread granting of free public transport for work-office commutes.

Waste reduction

In all offices, printers are set up to print in black and white, and on both sides of the paper. Kitchen waste is collected, crushed and then stored so that it only requires collecting once a month.

Mobistar offers its customers a mobile phone recycling service (including batteries), and recycles the bulk of its antennae.

Protecting the environment

Mobistar's "It's Possible" project continues apace: the project aims to reduce paper consumption through online billing. The money saved is to be invested in a project to save the Amazon Rainforest in Peru.

Consumer protection

Mobistar intends to encourage debate on the issue of young people and their use of mobile phones. In June 2008, it took part in organising a round table discussion on this subject with the organisation Gezinsbond. In the wake of this, the company has released a practical guide to young people's usage of mobile phones. This is available free of charge from all Mobistar Centers or can be downloaded from the Mobistar website. It includes information and advice for parents and adolescents on social networks, sending videos and photos via mobile phones, chatrooms, bullying via mobile phones, false alarm calls and paying services such as games and ringtones etc. The guide is intended to draw parents' attention to a range of potential risks, whilst also offering solutions and suggested ways of approaching these subjects.

As of June 2008, concerned parents can block incoming and outgoing calls to/from certain numbers, as well as some mobile phone services and websites. This service is free and available on request from Mobistar's customer services.



Management and control

The Board of Directors

Jan SteyaertChairmanBenoit Scheen (1) (6)Director

Christina von Wackerbarth (3)Independent directorSparaxis (3)(4)Independent directorEric Dekeuleneer (3)Independent directorPhilippe Delaunois (3)Independent director

Bertrand du Boucher (1) Director
Olaf Swantee (1) Director
Brigitte Bourgoin (1) Director
Vincent Brunet (1) Director
Gervais Pellissier (1) Director
Wirefree Services Belgium (1) (5) Director

The Audit Committee

Eric Dekeuleneer Philippe Delaunois Bertrand du Boucher Gervais Pellissier Sparaxis Chairman

The Remuneration and Nomination Committee

Olaf Swantee
Jan Steyaert
Eric Dekeuleneer
Philippe Delaunois

Chairman

The Strategic Committee

Jan Steyaert Brigitte Bourgoin Vincent Brunet Philippe Delaunois Sparaxis Chairman

The Governance Supervisory Committee

Eric Dekeuleneer
Jan Steyaert
Brigitte Bourgoin
Wirefree Services Belgium

Chairman

- (1) Directors representing the majority shareholder (Atlas Services Belgium).
- (2) Director responsible for day-to-day management.
- (3) The independent directors have signed a declaration stating that they will observe the independence criteria set out in article 524 §4 of the Companies Code.
- (4) The company Sparaxis is linked to SRIW (Société Régionale d'Investissement de Wallonie) and is represented by Mr Eric Bauche (Advisor Executive Committee at SRIW).
- (5) The company Wirefree Services Belgium is represented by Mr Aldo Cardoso (independent director of Orange SA).
- (6) Mr Benoit Scheen has been appointed by the General Meeting of 7 May 2008 (he had been co-opted by the Board of Directors of 6 December 2007, effective on 1 January 2008).







(From the left to the right and from above to the bottom)

Benoit Scheen Chief Executive Officer Paul-Marie Dessart General Secretary Erick Cuvelier Chief Marketing Officer

Olivier Ysewijn Chief Strategy Officer Anne Cambier

Chief Procurement & Process Officer Paul Baeck (7)

Chief Commercial Officer **Werner De Laet**

Chief Financial Officer

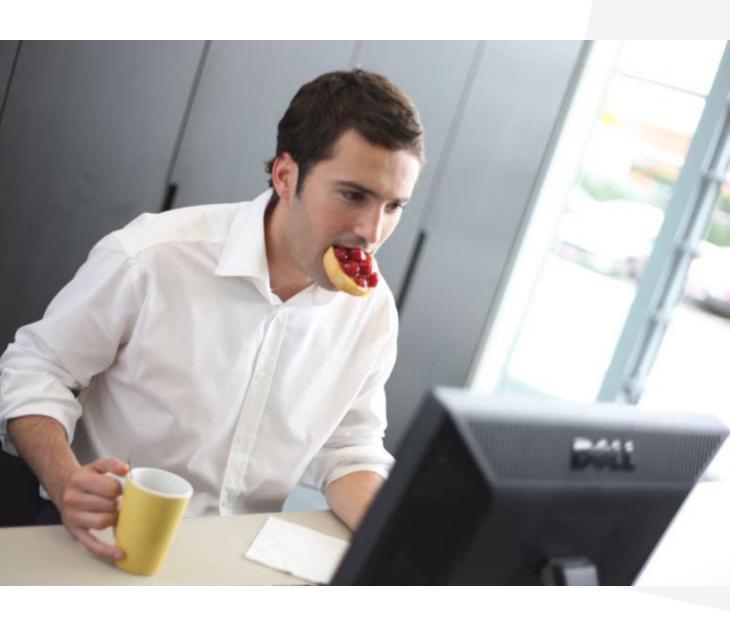
Pascal Koster Chief Technology Officer

Share information

During this "annus horribilis" for the stock markets, Mobistar's share price was stable. Very good results and the share repurchase programme chosen by the Board of Directors have helped support the price.

The European context

Throughout 2008, which has been characterised by record falls on stock markets, telecoms shares have seemed like a refuge investment. In Europe, this sector has clearly outperformed many others. Uncertainties about the impact of the European regulation on roaming and mobile termination charges continue to concern investors. Nonetheless, confirming the trends of the second half of 2007, they have above all been attracted by the high performance of telecoms shares and by the announcement of stable cash flows and healthy balance sheets for enterprises in the sector. While the Eurostoxx 50 Index ended 2008 down 44 %, the Dow Jones Euro Stoxx Telecom limited its fall to 36,98 % on the same date.



Mobistar share trends

Mobistar's "mobility-centric" strategy came to full fruition in 2008. Thanks to a high dividend return, low debt and stable sources of incomes, Mobistar is one of the rare shares in the BEL 20 to have managed to limit its losses during this catastrophic year for the stock markets. Between 2 January 2008 and 2 January 2009, the Mobistar share price was stable, taking into account the payment of the dividend and the capital reduction.

During the first half, Mobistar shares slightly outperformed the BEL 20 (-16 %, against – 23 % for the Euronext Brussels Index) thanks to various positive events such as the announcement of the distribution of nearly 600 million euros to the shareholders, the revision – in Mobistar's favour – of reductions in mobile termination rates by the BIPT and the exclusive deal to distribute the iPhone3G on the Belgian market. At the end of the period, Mobistar also finished the first phase of its share repurchase programme (a cancellation of 1,291,000 shares) and paid its shareholders an ordinary dividend of 2.80 euros per share.

Mobistar shares confirmed their robustness in the second half after the announcement of better than initially expected half-yearly results and the payment of 4 euros per share as a result of the capital reduction operation. The European Commission's expressed desire to reduce roaming rates for text messages to 11 cents per message has had no significant impact on share price movements. The price remained relatively firm after the publication of very encouraging results for the third quarter, the announcement of the repurchasing of the remaining 10 % of the capital of the Luxembourg operator VOXmobile and the completion of the second phase of the own share repurchasing programme (withdrawal of 1,985,000 shares).

Shareholding structure

In May 2008, under the decision taken by the shareholders' annual meeting on 7 May 1,291,752 Mobistar shares were cancelled. These were repurchased from January 2008 onwards, forming the first phase of the share repurchase programme, for a total of 73.7 million euros. The average purchase price approached 57 euros per share and this operation represented 15 % of the daily volume of trade.

On 27 November 2008, Mobistar executed the second phase of this programme with the acquisition of 1,985,586 shares for a total of 101.3 million euros. The average purchase price was around 51 euros and this second operation represented 7 % of the daily volume of trade. On 9 December 2008, the board decided to cancel this bundle of shares with immediate effect.

The total cost of the share repurchase programme came to 175 million euros. At its conclusion the total number of Mobistar shares was down from 63,291,752 to 60,014,414. On 9 December 2008, the free float represented 47,09 % of the shares in circulation. On that date Atlas Services Belgium, a 100 % subsidiary of the France Télécom group held 52,91 % of the capital of Mobistar

During the last year, nearly 80 million Mobistar shares have been traded (an increase of 14 % on 2007 figures), which corresponds to 2.6 times the average free float. The daily volume of trade on Euronext Brussels was close to 310,000 shares, up from 271,000 in 2007

On the basis of a closing price of 51.64 euros per share on 31 December 2008, the share capital of Mobistar amounted to 3,099,144,339 euros.

Payments to shareholders

In line with its decision of 4 February 2009, the Board of directors of Mobistar will propose to the shareholders' Annual Meeting on 6 May 2009 that an ordinary dividend of 2.90 euros should be paid per share. This dividend will be paid on or after 15 May 2009. An extraordinary dividend of 1.65 euros per share will be paid on or after 14 August 2009.



Glossary

3G

Third generation of mobile telephony technology, better known as UMTS.

Active customers

Sum of postpaid customers who receive a monthly invoice and of prepaid customers who have called or sent an SMS at least once during the last three months.

ADSL (Asymmetric Digital Subscriber Line)

Technology which allowis a high-speed digital connection and data transmission over a copper wire.

AMR (Adaptive Multi Rate)

Format used by numerous mobile phones to send MMS or to register sound.

ARPU (Average Revenue Per User)

Average revenue for telecom services generated per user and per month.

BSC (Base Station Controller)

Network entity controlling a certain number of Base Transceiver Stations.

BSS (Base Station System/Subsystem)

Unit consisting of BSC and connected BTS.

BTS (Base Transceiver Station)

Basic element of the cellular mobile telephony network.

Churn

Percentage of active customers who have been disconnected from the Mobistar network versus the average number of active customers of the same period (a month, a year).

Drop call

Lost call resulting from a deconnection.

DSLAM (Digital Subscriber Line Access Multiplexer)

Multiplexer that assures a DSL service (such as ADSL or ADSL 2+) on telephone lines.

EDGE (Enhanced Data Rates for GSM Evolution)

Technology for data transmission, an extension of GPRS.

FDA (First Delivery Attempt)

Direct delivery of an SMS at the receiver without transit through the SMSC.

GGSN (Gateway GPRS Support Node)

Takes care of the interconnection between the packet switching data network and IP networks.

GPRS (General Packet Radio Service)

Mobile telecommunications system of the second generation, allowing data packets transmission, superior to GSM.

GSM (Global System for Mobile Communications)

European norm of digital cellular telephony.

HLR (Home Location Register)

Database that combines all useful information on the subscribers.

HSDPA (High Speed Downlink Packet Access)

Telecommunication technology of the third generation for cellular telephones, sometimes called 3G+.

HSUPA (High Speed Uplink Packet Access)

Telecommunication technology of the third generation for cellular telephones, sometimes called 3.75G or 3%G.

Interconnect

Link between at least two separately managed telecommunication networks, allowing the transfer or the transmission of traffic from one network segment to the other.

IP (Internet Protocol)

Part of the TCP/IP protocol family, a protocol used for data packets transmission. It is used for message transport over the internet.

MatMa (Machine-to-Machine)

Communication from machine to machine.

MMS (Multimedia Messaging Service)

Evolution of SMS, allowing the transmission of different multimedia contents, such as images, audio and video clips.

MNP (Mobile Number Portability)

Possibility for individuals, companies and organisations to keep their existing phone number(s) when changing their service provider.

Mobile Data

Wireless communication services comprising the transmission and/or reception of data, such as SMS, MMS, GPRS, EDGE, and HSDPA.

Mobile Penetration Rate

Percentage of the total population owning a mobile telephone.

MOU (Minutes Of Use)

Total number of calls from and to the Mobistar network, per active customer and per month.

MPLS (Multi Protocol Label Switching)

Data-carrying mecanism on a computer network.

MSC (Mobile Switching Centre)

Network switching center for mobile telephony.

MTR (Mobile Terminating Rates)

Rates charged by the GSM operator for ingoing communications from other companies' networks (fixed or mobile).

MVNO (Mobile Virtual Network Operator)

Mobile services provider having agreements with Mobistar on reselling mobile rate plans.

Roaming

Unique GSM service allowing users to call and to receive calls while they are situated outside the region served by their national operator, for instance while traveling abroad.

SIP (Session Initiation Protocol)

Most used standard protocol for internet telephony.

SGSN (Serving GPRS Support Node)

Responsible for the delivery of data packets from and to the mobile stations.

SMS (Short Messaging Service)

Wireless service allowing the transmission of short text messages from and to a mobile phone.

SMSC (Short Message Service Center)

Center that manages the transfer of SMS between mobile phone users.

SoHo (Small office/Home office)

Various small entrepreneurial activities and small business structures.

Subscription

Billed product or service available for the customer.

TCP/IP (Transmission Control Protocol/Internet Protocol/Internet Protocol)

Basic communication language or protocol of the internet.

UMTS (Universal Mobile Telecommunication System)

Mobile telecommunication service of the third generation allowing high-speed multimedia data transmission.

VoIP (Voice over Internet Protocol)

Technology allowing the transmission of voice communications over the internet or other networks accepting TCP/IP protocols.

WDM (Wavelength Division Multiplexing)

Technology which multiplexes multiple optical carrier signals on a single optical fiber by using different wavelengths (colours) of laser light to carry different signals.

