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33.04 million text messages on the Mobistar network on New Year’s Eve

Between 31 December 2008 and 1 January 2009 (20.00 to 08.00 next morning), Mobistar customers sent 33.04 million texts. Of course, the peak traffic was around midnight, when it reached 2,200 texts per second. Mobistar took the necessary technical measures to ensure that the text message server had sufficient capacity to handle 132,000 texts per minute. In addition, the operator configured a buffer memory for 24 million texts. So all the New Year’s greetings were delivered on time!

New partnership with Telenet

Mobistar and Telenet extend their partnership for a period of three years. The new cooperation is moving towards a full MVNO (Mobile Virtual Network Operator) agreement. It offers convergence opportunities for telephony and fixed and mobile Internet, as well as synergies from the operational viewpoint. In practice, Mobistar can use the Telenet fibre optic network to optimise its transmission network. Telenet is investing in its own Mobile Switching Center with a view to strengthening the launch of convergent services for mobile and fixed telephony.
Fixed prepaid roaming charges

Mobistar is first to launch the Holiday Pass (6 euro for 7 days) and the Internet Pass (30 euro for 30 MB, valid 30 days) which meet customers’ requirements to phone and surf cheaply on holiday. Thanks to these fixed prepaid roaming charges, Mobistar residential customers can keep tighter control of their mobile phone budget while abroad.

France Telecom M2M Competence Centre

Mobistar has become France Telecom’s global competence centre for MaTMa solutions (Machine-To-Machine), under the name Orange Business Services International M2M Center. For at least two years, it will provide the group with MaTMa SIM cards for the OEM market (Original Equipment Manufacturers). It will also handle the international MaTMa contracts of the French group, plus the corresponding services. This recognition gives Mobistar the opportunity to become a leading European player in this field, with a definite impact on turnover and jobs.

A facelift for TempoMusic

Mobistar is the first operator to bundle free access to the Netlog and Facebook social networks with its TempoMusic offering. This is the operator’s response to the new style of communication between young people. The offer gives an entitlement to 300 free sessions per month and access, via a points system, to the applications available on Netlog. Young people can now use the same communication platform on their mobile phone as on their PC, anywhere, anytime.

Internet without a subscription

Internet Everywhere Ticket is the first data SIM card that can be topped-up for mobile Internet on PC. The customer tops up the card via the ticket bought at the sales outlet or online for a price ranging from 5 euro for 25 MB to 50 euro for 500 MB.

The most extensive range of smartphones

In June, Mobistar launched the Apple iPhone 3GS, an exclusive on the Belgian market. Two months later, it was the first to distribute the new HTC Hero, which uses Google’s Android operating system. Apart from these two stars, Mobistar also distributes a comprehensive range of smartphones, which are contributing to boosting its mobile phone sales. With about 915,000 smartphones sold, Mobistar is the market leader in smartphone offerings.

In September, Mobistar launched HD technology for mobile television on the iPhone 3G and 3GS. The operator is also broadening its mobile television offering in partnership with the public stations VRT and RTBF.

Launch of One Click Voice Mail

One Click Voice Mail is a first in Belgium and within France Telecom. This free service enables customers to have instant access to the voice mail message of their choice, via a single code notified by SMS, and to listen quickly to messages that are classified as top priority. The text message also states the number or name of the caller, the date and time of the call, as well as the duration of the voice message. This service has been granted an Orange Labs Innovation Award.

First team members into the Sirius building

In July, Mobistar Customer Service migrated to the Sirius building, the company’s new head office in Evere (Brussels). This building was designed so as to limit energy consumption and pays particular attention to mobility, with a majority of shared desks, appropriate means of communication and the promotion of carpooling.

Shared management of network sites

Mobistar and KPN Group Belgium signed an agreement to cooperate in acquisition and construction of new sites for their respective mobile telecommunication networks (excluding radio infrastructure). This agreement allows more efficient investment in infrastructure and will encourage faster spread of mobile telecommunication networks. Shared use of network sites also enables each operator to reduce their environmental footprint.

VOXmobile becomes Orange S.A., Luxembourg

Mobistar’s Luxembourg subsidiary, VOXmobile, has become Orange S.A. This rebranding is accompanied by a modernisation of the product portfolio, now including the international telephony service Hello Europe, and the implementation of the first synergies at the technical level.

Acquisition of the business activities of KPN Belgium Business

Mobistar has signed an agreement for the acquisition of the B2B and carrier activities of KPN Belgium Business (formerly Versatel), which has 9,000 business customers, some 1,800 kilometres of fibre optic cable and 2 data centres. This agreement enables Mobistar to consolidate its position on the business market, thus contributing to increasing its market share in fixed telephony. The acquisition should be effective after the approval by the Competition Council.
Before talking about the excellent performance by Mobistar during the 2009 financial year, I wish to thank our entire workforce for the dynamism and unflinching resolve that they have demonstrated in an extremely gloomy economic year. The unprecedented recession that we experienced in 2009 exacerbated the competition on the telecommunications market, whereas the regulatory pressure did not relent, in fact quite the opposite. In this context, the combined efforts of all team members have enabled Mobistar not only to withstand the storm, but to emerge stronger.

Mobistar’s consolidated turnover rose by 2.25% during 2009, compared with an increase of 1.50% in 2008. Consolidated EBITDA, squeezed by European regulatory measures (MTR and roaming), has held up well, since it represented 39.2% of telephony turnover on 31 December 2009. We can be rightly proud of these results, which surpassed forecasts, and position Mobistar as one of the top performers among telecoms operators. These figures are due to the ambitious strategy adopted by Benoît Sceen and the other members of the Executive Committee. I wish to take this opportunity to express my gratitude to them for the work they have done.

The loyalty of our customers, as well as the trust of our suppliers, are key drivers of our success. Even more effort will be put in during 2010 to further enhance the quality of our services and increase customer satisfaction levels. Our policy of investing in the network will also continue, as will the modernisation of our IT infrastructure.

Even during the worst of the downturn, our shareholders were able to rely on Mobistar shares remaining relatively stable. Between December 2008 and December 2009, the fall in the share price was limited to 7.25%. On the other hand, over a two-year period (January 2008 to December 2009), Mobistar shares proved much more stable than those of large Belgian and European competitors. In line with its decision of 10 February 2010, the Board of Directors of Mobistar will propose, at the General Meeting of Shareholders on 5 May 2010, payment of an ordinary dividend of 2.90 euro per share on 31 May 2010 and the payment of an extraordinary dividend of 1.65 euro per share on 20 August 2010.

In 2009, Mobistar reached several important milestones in its future development. Thanks to the support of all our stakeholders - workforce, customers, suppliers and shareholders - our business will grow again in 2010.

Jan Steyaert
Chairman of the Board of Directors
There is no need to remind you that 2009 was a difficult year for everyone in business. In the telecom sector, the effects of the recession were felt in the business market which now represents almost one-third of Mobistar’s consolidated turnover. Despite the downturn, which drove some of our competitors to use highly aggressive sales tactics, Mobistar turned in a very good performance during the 2009 financial year, exceeding its expectations, both for turnover growth and net profits.

For several years now, our strategy has focused on value creation. It has proven its effectiveness in a particularly turbulent economic context, as Mobistar has raised its market share (value share) to 35.5 % as of 31 December 2009. The number of customers rose by 0.24 % in a year, to reach 3,827,268 customers by the end of the year. On the business market, the take-over of the business activities of KPN Belgium Business (formerly Versatel) will enable Mobistar to gain a firm foothold in the top segment of the market. In this respect, the accolade for Telecom Service Provider of the Year, awarded to Mobistar by the readers of Data News magazine, represents a pleasing acknowledgement of our commitments to customer service.

Mobistar passed some crucial milestones in 2009, consolidating its position as a global telecoms operator, and preparing the company and all our team members for a changing marketplace. Mobistar maintained an investment level nearing 10 % of its turnover from telephony, investing considerable amounts in the extension and modernisation of its network, in updating its IT infrastructure, as well as in its new headquarters. New products were put onto the market to respond to the emergence of multiple play, particularly mobile high definition television in September 2009. This trend will continue in 2010, with substantial enhancement of our offering on the residential market, putting the emphasis on personalised, roaming content.

Our agreements with Telenet and Euphony Benelux were renewed, and a new partnership was signed with KPN Group Belgium to share passive elements of the network infrastructure. This agreement will allow considerable cost savings over the next few years, but also will be good for the environment. The rebranding of our Luxembourg subsidiary VOXmobile, now known as Orange S.A., means that it has a strong positioning and a more international dimension. The renewal of its product portfolio has had an immediate impact on sales volume. Further synergies that will add value will be introduced in 2010.

The choice of Mobistar as France Telecom Group’s global centre of excellence for Machine-to-Machine applications offers us the opportunity to become a leading European player in this field, with a definite impact on turnover and jobs. The hard work done in 2009 will be further intensified throughout 2010. Moving all Mobistar’s staff to the Sirius building in Evere is a unique opportunity to re-design our working methods to optimise efficiency. This is an exciting challenge from the human viewpoint! So we are entering the new financial year on a sound footing, which will enable Mobistar to reassert its ambitions as a global telecoms operator.

Benoit Scheen
Chief Executive Officer
The competitive environment

• A penetration rate of 109%

A growing number of people own more than one mobile phone. In 2009, the SIM penetration rate of mobile telephony reached 109%. This is resulting in increasingly fierce competition between operators, who have frequently adopted highly aggressive sales policies aimed at winning over new customers.

• Tied selling is not illegal

The European Court of Justice has ruled that the Belgian ban on tied selling (or a bundled price quote) breaches European trade rules, so the federal government has to revise its legislation. Without waiting for this to happen, some telecoms operators tested this arrangement or launched some limited tied selling in 2009. Like other major players in the market place, Mobistar chose not to go down that route, until there is a formal legal framework in place.

• More and more convergence

The penetration of triple or even quadruple play accelerated in 2009. Mobistar is also participating in this evolution of the market, offering various packages combining fixed and mobile telephony, fixed and mobile Internet, and high definition mobile TV. New responses to the emergence of multiple play will be revealed in 2010.

In parallel with this trend, we see that pure mobile telephony lost ground in 2009 to mobile data communication and multimedia services. As a result, all the operators have positioned themselves in this field.

Mobile telephony practices are tending to fall into line with those for fixed telephony (flat-rate deals for unlimited calls ...).

Regulatory pressure

• Renewal of the 2G license and fourth entrant

On 25 November 2008, the IBPT (Belgian Postal and Telecommunications Services Institute) and the Enterprise and Administrative Simplification Ministers each decided that Mobistar’s 2G license, which expires on 27 November 2010, would not be renewed tacitly. Mobistar challenged these decisions in two legal actions filed with the Court of Appeal and the Supreme Administrative Court on 24 December 2008.
After having set aside the decision by the IBPT concerning Belgacom Mobile's 2G license in a judgment of 20 July 2009, the Court of Appeal also set aside, by a judgment on 22 September 2009, the IBPT's decision not to grant tacit renewal of Mobistar's 2G license. The Court of Appeal stated that it was the IBPT which had the powers to take this decision, not the Ministers, but in this case, the decision was invalid due to the lack of reasons and non-compliance with the procedural rules. So Mobistar's 2G license is renewed for five years, until November 2015, under the same conditions.

Since then, at the request of the Minister, the IBPT has initiated several consultations on draft (legislative and regulatory) texts, aimed in particular at creating a new fee for the renewal of 2G licenses, and defining the conditions for a market entry by a fourth operator.

**MTR tariffs**

On 30 June 2009, the Court of Appeal set aside the IBPT's decisions concerning the level of mobile termination rates (MTRs), adopted in August 2006 and December 2007. The IBPT announced the adoption of a retroactive decision following the setting-aside of its decision of 11 August 2006. The action to set aside the regulator's decision, dated 29 April 2008, imposing a reduction in MTR tariffs in May and July 2009 is still pending. Finally, in 2009 the IBPT carried out a new exercise on modelling the costs of mobile operators which should lead to the adoption of a new decision in 2010 to bring down MTRs.

**European regulation on roaming services**

On 18 June 2009, the European institutions introduced a new regulation on regulating roaming services up to 30 June 2012. Starting on 1st July 2009, a new regulation was imposed on voice roaming tariffs, both the retail and wholesale rates. Since the same date, the text message roaming tariffs have also been regulated; the wholesale tariff for texts may not exceed 4 euro cents, while the retail rate may not exceed 11 euro cents excluding VAT. Text messages received while roaming are always free of charge. The regulation also imposes regulation of the wholesale tariffs for data while roaming, with a ceiling of 1 euro per megabit. The retail price of roaming data is not regulated. Finally, a consumer protection mechanism is imposed by the regulation (advance notification when 80 % of the 50 euro ceiling excluding VAT is reached for roaming data and the data communication will be disconnected once the ceiling is reached, unless the consumer requests otherwise) which will come into effect on request starting March 2010 and, by default, starting in July 2010.

**Abuse of dominant position by the Belga-com group**

In May 2007, the Commercial Court of Brussels handed down a judgment confirming the dominant position of Belgacom Mobile between 1999 and 2004, and appointing experts with an assignment to determine any abuses, and calculate the loss sustained by Mobistar and KPN Group Belgium. The preliminary report by the experts, submitted on 2 October 2009, confirms the allegations made against Belgacom Mobile and concludes that there was a loss of 1.18 billion euro by Mobistar and KPN Group Belgium. The experts' final report will be sent during the first quarter of 2010 to the Commercial Court which will then have to hand down a decision.

Moreover, on 26 May 2009, the Competition Council fined Belgacom Mobile 66 million euro for abuse of dominant position on the mobile market, due to a tariff squeeze practice during the years 2004-2005. Mobistar appealed and requested that the Court of Appeal set aside the decision by the Council, since it did not take account of the other counts of abuse of loyalty discounts and on net/off net discrimination for the period 2002-2005 and tariff squeeze for the years 2002-2003. Following the decision by the Competition Council, Mobistar also referred the matter to the Commercial Court, seeking damages for the prejudice sustained.

Finally, Mobistar acting jointly with KPN Group Belgium filed a complaint with the European Commission against Belgacom for abuse of dominant position on the broadband market in April 2009.

**Electromagnetic wave emission standards**

In 2007, Mobistar and the other mobile operators which are members of the GOF (GSM Operators Forum) challenged in the Constitutional Court the Brussels ordinance aimed at severely restricting the power of electromagnetic waves emitted by mobile operators' relay masts. The Constitutional Court handed down its decision on 15 January 2009. It concluded that each region has the power to impose such standards, not the federal state, thus upholding the application of the Brussels ordinance. Following this judgment, the Supreme Administrative Court set aside the Royal Decree of 10 August 2005, which contained standards applicable for the whole country.

In the Brussels-Capital Region, the government is working on the implementing orders for the ordinance of March 2007, which sets a maximum standard of 3 volts/metre for all emission sources, except for radio and television signals. Two implementing orders were published at the end of 2009, but their concrete application via the issue of environmental licenses is not yet possible. The result is that Mobistar cannot build new masts.

In Wallonia, a decree dated 3 April 2009 establishes a standard for the territory of Wallonia, which is more flexible than the Brussels standard, because it sets a maximum emission of 3 volts/metre for each mast, for each technology and each operator. In Flanders, the publication of a standard is awaited.
In a market characterised by fiercer competition, Mobistar chose to concentrate on creating value, and positioning itself increasingly firmly as a global telecoms operator. This policy has paid off, despite a difficult economic context and intense regulatory pressure.
Value creation

By emphasizing value creation on a telephony market that has reached maturity, Mobistar has focused successfully on acquisition of new subscribers and increasing the loyalty of existing customers. As of 31 December 2009, the Mobistar group (including MVNO and Orange Luxembourg customers) had a total of 3,827,268 active mobile telephony customers. The proportion of postpaid in the customer base is also up, rising to 60.6% at the end of 2009. In fixed telephony, Mobistar has made a successful breakthrough, particularly in the business market, with 149,700 landlines as of 31 December 2009. Its broadband offering, both fixed and mobile, has also been a great success.

Much more than a mobile operator

Mobistar operates in fixed and mobile telephony, fixed and mobile Internet access as well as mobile television, and has continued its mobility centric approach on the residential market, while continuing to develop its convergence strategy on the business market.

• Present in all segments of the business market

On the business market, Mobistar supplemented its offering of convergent products and offered new functionality in its existing ranges of products (One Office Zone Comfort). This strategy was underpinned by the acquisition of the B2B and carrier activities of KPN Belgium Business (formerly Versatel), which enables the operator to consolidate its position at the high end of the market with voice, data and Internet solutions that specifically meet the requirements of large companies.

• Responses to the emergence of multiple play

In the residential market, Mobistar is strongly accentuating its strategy as a global operator. It entered the triple play market in September 2008, with a Voice over IP product (Mobistar ADSL Voice), and now the operator is offering many bundles of fixed and mobile telephony, fixed and mobile Internet, and mobile high-definition television on the iPhone. New responses to the emergence of multiplay will be revealed in 2010.

• New partnership with Telenet

Mobistar has extended its partnership with Telenet for a further three-year period. The new cooperation is moving towards a full MVNO (Mobile Virtual Network Operator) agreement. The expertise and specific offering of each operator afford opportunities for convergence of telephony and fixed and mobile Internet, as well as the development of operational synergies. In concrete terms, Telenet is investing in its own MSC (Mobile Switching Center) in order to consolidate the market launch of convergent services for mobile and fixed telephony. Mobistar has the possibility of using Telenet’s fiber optic network to optimise its own transmission network. For Mobistar, this partnership constitutes an additional way into the residential market, and guarantees that its mobile offering is sold in Telenet’s “packages”.

• Mobile data transmission rises sharply

Mobile data transmission really took off in 2009. As far as Mobistar is concerned, mobile data generated 28.70% of the turnover of the mobile business compared with 21.80% in 2008. The majority is still generated by text messaging, but mobile multimedia and mobile Internet are catching up fast.

Strategic alliances

Mobistar has strengthened its presence in the marketplace through strategic alliances. Besides the partnerships entered into with Telenet and KPN Belgium Business, Mobistar extended its partnership with Euphony Benelux until 2015. The two companies have been cooperating for ten years. Euphony is operating in fixed and mobile telephony and in Internet access.

VOXmobile becomes Orange S.A. (Luxembourg)

The brand name of Mobistar’s Luxembourg subsidiary, VOXmobile, changed to Orange S.A. on 28 October 2009. This change did not have any impact on the shareholder structure of VOXmobile, which remains a wholly-owned subsidiary of Mobistar. This rebranding is accompanied by a modernization of the product portfolio, now including the international telephony service Hello Europe, and the implementation of the first synergies at the technical level. Operational synergies will be further increased in 2010.

European player in Machine-To-Machine solutions

Mobistar aims to become a leading European player in the field of Machine-to-Machine solutions (MaTMs), which offer substantial opportunities for the future. In 2009, the operator became the France Telecom Global M2M Competence Center in this field.
The Mobistar brand

Having re-focused its brand strategy in 2008, Mobistar has acquired an identity that stands out from the competition. Concentrating on its key values (freedom, self-fulfilment, openness to the world), this identity is epitomized by the concept of emotional mobility.

Mobistar’s approach, focused on total mobility, was enhanced in 2009 by several impressive campaigns, particularly Internet Everywhere in the first half of the year, and the unique offering of smartphones in Mobistar Centers at the end of the year. By emphasizing the added value of the products and services that it offers, Mobistar communication has chosen an original path in a market that has become extremely competitive.

With regard to distribution, Mobistar launched a major campaign emphasizing the unique sales offering of the Mobistar Center chain. Moreover, the Mobistar site was fully integrated into the overall communication strategy.

A marketing strategy focusing on a digital lifestyle

• Mobile phone sales up sharply

During 2009, Mobistar increased its sales of mobile phones by slightly more than 26% across all its distribution networks. Smartphone sales were very strong, particularly due to the exclusive launch of the iPhone 3GS in June and the launch of the HTC Hero, a first on the Belgian market, during August. Mobile phones were a key focus of product communication in 2009, and will become even more crucial in operators’ marketing strategy in 2010.

• Sales innovation in mobile data

Mobistar’s commercial offering has had rich possibilities for mobile data for some years already, and this has contributed to the tremendous growth of data traffic on mobile telephony networks in Belgium. Between 2008 and 2009, mobile data transmission grew by 267% on the Mobistar network alone.

Throughout the year, Mobistar continued the development of new uses and content for its customers. It was the first operator in Belgium to launch High Definition mobile TV for the iPhone. It also offered its customers several models of smartphones running Google’s Android operating system.

Skyrock and rendez-vous.be were added to the Orange World mobile portal, while Chatbox was given a new look.

Having positioned itself as an innovative player in fixed and mobile broadband services, in 2009 Mobistar launched Home&Away (Internet access at home and while travelling) and Internet Everywhere Ticket (first top-up card for mobile Internet on a PC).
• Over half a million m-banxafe customers

After a relatively slow start, the mobile banking services developed by Atos Worldline (formerly Banksys) took off in 2009: the number of Mobistar customers registered grew by more than 10% in the space of a year, reaching 499,031 people as of 31 December 2009. Consultations of bank balances went up by 30% between 2008 and 2009, or a total of 10,151,788 transactions to 31 December 2009. Top-ups of Tempo cards generated a total of 4,893,980 transactions to the end of December. Since the end of 2009, it has also become possible to pay your Mobistar bill with m-banxafe via the m-invoicing application.

• New services growing fast

In 2009, Mobistar developed new auxiliary services intended to make life easier for its customers. The new Care program consists of various value-added services, in particular insurance packages for faulty, lost or stolen mobile phones. The ContactSave service, which enables users to save their contacts on a Mobistar server, was upgraded: the number of customers who signed up to it leapt by 291% between 2008 and 2009 (237,151 people as of 31 December).

• Increased flexibility due to partnerships

By establishing partnerships in both the business and residential markets, Mobistar is able to offer more complete solutions, while reducing time-to-market. In B2B, the partnership with access provider Colt Telecom enabled it to provide new convergent fixed-mobile offerings, and win contracts with several large companies. In B2C, the exclusive contract signed with Netlog enabled a qualitative repositioning of TempoMusic, via largely free access to this social network. TempoMusic customers also have access to Facebook via the offer of 300 free sessions.

• New product portfolio for Orange S.A. (Luxembourg)

The rebranding of VOXmobile has been accompanied by a complete overhaul of its product portfolio, both for the residential and business markets. To meet the needs of international companies based in Luxembourg and for its residential customers, the offering now includes the international telephony service Hello Europe. Additional investment has enabled improvement of customer service, and sales outlets have been given the Orange look and feel.

• Telecom Service Provider of the Year

After having been voted “Coolest Mobile Phone Operator” several years running by MTV Networks Belgium, Mobistar confirms its popularity with the public again, picking up the “Telecom Service Provider of the Year” award presented by readers of Data News Magazine and an independent jury. The Data News Awards for Excellence were presented in April 2009.
Quality of customer service

Mobistar Customer Service launched fifteen projects in 2009 aimed at continuous improvement of its service to our clientele. The websites intended for the residential market and the business market have been modernised to offer more functionality to customers and support growth in online sales and services.

In 2009, 65% of the customer support activities were outsourced. This 5% growth compared with 2008 results from the continuous optimisation of outsourcing contracts.

During the past year, Mobistar contact centres logged 3,447,523 incoming calls, 558,291 outgoing calls and 608,935 letters, faxes and e-mails. The number of invoices issued was 17,377,176.

Multi-channel distribution strategy

In 2009, Mobistar continued to invest in its own distribution channels. Besides the Mobistar Centers, who have maintained their leadership on the telecom distribution market, Mobistar has strongly developed its sales over the Internet and by phone. Online sales grew by over 50% compared with 2008 due to targeted marketing campaigns (Web deals).

By relying on multi-channel distribution, Mobistar is able to offer its customers increasingly specialised services. The new Care programme, in particular, covers a series of value-added services, such as transfer of all data (contacts, photos, settings) from one handset to another, cover for faulty, lost or stolen handsets (Mobistar Insurance) or backing up the phonebook of the SIM card on a Mobistar server via SMS (ContactSave). The GSM Recycling package, where the customer receives a fixed amount per handset returned to Mobistar for recycling, has also been a winner.

A further development of the Mobistar Center, intended to enable us to showcase new products to their best advantage is currently being tested at the new Mobistar head office in Brussels.

• Mobistar Center chain

On 31 December 2009, the Mobistar Center chain had a total of 158 sales outlets owned by Mobistar or our partners. During the past year, Mobistar raised the number of stores owned by the company itself from 31 to 41. In 2010, Mobistar Centers will continue to expand their product offering, in particular in terms of services and accessories.
• Open distribution
Mobistar distributes top-up cards through around 6,000 independent sales outlets. Furthermore, in 2009, it signed an important agreement with MediaMarkt to have an exclusive store-in-store corner in each of its stores in Belgium. This agreement will boost sales of its various products and services outside its own distribution channels.

Growth of B2B sales
• Comprehensive market coverage
Despite the very intense economic pressures on the business market, Mobistar increased its sales of convergent products intended for self-employed businesses and companies in its various distribution channels. Based on the good results achieved in 2009, Mobistar plans to expand sales of products for the SoHo segment (Small Office, Home Office) in Mobistar Centers in 2010.

• « 100 Sales Talents »
Continuing its partnership strategy with various Business Solutions Partners on the SoHo market, Mobistar supported its partners in the launch of a large-scale recruiting campaign for sales representatives. Since the beginning of the recession, Mobistar’s various partners have recruited a hundred new employees.

Launch of electronic billing
In 2009, Mobistar launched its free Web billing service, which enables the operator to cut its paper consumption, and avoids customers having the disadvantages of paper billing (filing and recycling). On 31 December, more than 100,000 residential customers had already opted for electronic billing.

The e-Invoice service, which customers have to pay for, is aimed at business customers. The integration of e-invoice into an ERP system (SAP R/3, Oracle, PeopleSoft) of the customer firm is handled by Mobistar, which offers a tailor-made service.
Personalising the customer relationship

• More contracts

Thanks to an innovative and relevant promotion policy (new, transparent, simple and intuitive tariffs offers) and an ever-stronger and more personalized customer relationship, Mobistar has succeeded in increasing the number of its subscribers who accounted for 60.6% of the total customer base. The operator also succeeded in attracting more customers taking out higher-value contracts.

• A facelift for TempoMusic

On the prepaid card market, at the end of May, Mobistar repositioned the TempoMusic card, offering its customers free access to the Netlog and Facebook social networks. This is the operator’s response to the new style of communication between young people. A partnership has been established with Netlog, allowing 300 free sessions per month and access, via a points system, to applications available on this social network. Access is entirely automatic from the first top-up (no activation or installation), with any multimedia mobile phone. Young people can now use the same communication platform on their mobile phone as on their PC, anywhere, anytime.

In a residential market characterized by cut-throat competition, Mobistar has invested in acquiring customers that generate value. It has also resolutely opted for multiple play, via offerings combining fixed or mobile communication, both for voice and data, as well as multimedia.
• Loyalty campaign

In order to differentiate its Tempo offering and increase the loyalty of its prepaid clientele, Mobistar launched Tempo Play at the beginning of 2009: with every top-up for a minimum amount of 10 euro, the customer receives a unique code that can be used to surf on www.tempoplay.be and check whether he/she has won a prize. The operator awarded 10,000 prizes in 2009: laptops, satellite navigation systems, scooters, bicycles ... The take-up rate has been excellent.

• One Click Voice Mail

In June 2009, Mobistar launched One Click Voice Mail, a first in Belgium as well as within the France Telecom Group. This free service sends the customer a text message with a unique code giving immediate access to the voice message left. The SMS mentions the number or the caller's name (if the number is saved in the contacts list), as well as the date and time of the call, and the duration of the voice message. Mobistar customers can listen directly to each of the messages left on the voice mail using a unique code, or choose to call their contact back via a link in the message.

Data traffic really takes off

The use of mobile data and multimedia really outgrew its niche position in 2009, for mobile handsets as well as for laptops and mini-PCs.

• Connecting at home and anywhere

In 2009, Mobistar launched Internet Home&Away, an overall solution enabling users to surf from their PC at home or while travelling around, 24/7, using a USB 3G and EDGE stick.

• Internet without a contract

Building on the success of Internet Everywhere, in September 2009, Mobistar launched Internet Everywhere Ticket, the first prepaid top-up SIM card for mobile Internet on PC. The customer tops up the card via the ticket bought at the sales outlet or online for a price ranging from 5 euro for 25 MB to 50 euro for 500 MB. Internet Everywhere and Internet Everywhere Ticket had a total of 154,077 customers at the end of 2009.

• Multimedia for the iPhone

Mobistar, which has the most extensive offering of smartphones on the market, launched the iPhone 3GS in June 2009 and the HTC Hero running Android in August. Mobistar, which is an innovator in this field, launched its HD (High Definition) technology for mobile television on the iPhone 3G and 3GS. At the same time, the operator also broadened its mobile television offering in partnership with the public stations VRT and RTBF. The opening of a new iPhone portal enables Mobistar customers to see the news on RTBF and VRT and stream RTBF videos.

Staying connected abroad

• Fixed-price prepaid packages

Holiday Pass and Internet Pass, launched in March 2009, meet customers' need to call and surf affordably while on holiday. Thanks to these fixed prepaid roaming charges, Mobistar residential customers can keep tighter control of their mobile phone budget while abroad.
In a market suffering the negative impact of the recession, Mobistar consolidated its position as a convergent player, both through organic and external growth. The business market represented over one-third of its consolidated turnover in 2009.

**Convergence strategy**

- **Continuing success for B2B offering**

  The convergent products One Office Voice Pack (fixed and mobile telephony) and One Office Full Pack (fixed and mobile telephony, high-speed Internet) continue to be a big hit with self-employed businesses and companies. On 31 December 2009, One Office Voice Pack had a total of 28,698 active customers. This product was also launched successfully by Orange S.A. in Luxembourg.

- **New functionality**

  Since 2009, Mobistar has been offering the "Office Zone Comfort" option which enables users to call an external number with their mobile phone from the company’s premises, at the price of a call from one landline phone to another. This option is incorporated into One Office Voice Pack and One Office Full Pack. Other new services have been offered to business customers, such as One Click Voice Mail, which enables you to listen to the voice message of your choice immediately.

**Take-over of the business activities of KPN Belgium Business**

Mobistar has signed an agreement for the acquisition of the B2B business of KPN Belgium Business (formerly Versatel), which has 9,000 business customers, some 1,800 kilometres of fibre optic cable and 2 data centres. This agreement enables Mobistar to consolidate its position at the high end of the business market, and benefit from the expertise of KPN Belgium Business’ employees in voice, data and Internet solutions for businesses. Integration will take effect in the first quarter of 2010, unless the Competition Council objects.

**France Telecom Global M2M Competence Centre**

As announced in the 2008 report, Mobistar has become the France Telecom M2M Competence Centre for MaTMa solutions, under the name of Orange Business Services International M2M Center. For at least two years, it will provide the group with MaTMa SIM cards for the OEM market (Original Equipment Manufacturers). It will also handle the international MaTMa contracts of the French group, plus the corresponding services. This recognition gives Mobistar the opportunity to become a leading European player in this field, with a definite impact on turnover and jobs.

A machine-to-machine application sends information automatically from a device to a server, using the national or international mobile network. MaTMa applications fall into three main fields: telematics, telemetry and mobile payments. Mobistar controls over half of the Belgian market, with 129,631 active SIM cards at the end of 2009, and grew by 19.3 % in this sector during the past year. In 2009, as in previous years, demand was particularly high on the mobile payment terminals market and in the field of applications enabling tracking of vehicles, trucks and rolling stock.

**Professional mobility: stay connected**

Mobile data traffic was already sizeable in 2008, but it really took off in 2009. On the business market, this growth is connected, in particular, with the success of Internet Everywhere and Business Everywhere. The Internet Mobile Business Everywhere solution, which allows intensive usage (2 GB of surfing), tailored to the use of each customer (various tariff packages for abroad), was a big hit with 7,147 business customers at the end of 2009.
**Network and operations**

Mobistar continued the development of its 3G network in 2009, and launched the modernisation plan of its IT infrastructure. These very sizeable investments aim to guarantee optimal service to customers, while cutting costs substantially. Synergies are gradually being put in place with Orange Luxembourg.

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**Development of the mobile telecommunication network**

**• 2G and 3G networks**

The capacity of the Mobistar 2G network, which was greatly increased in 2008, has now reached an optimal level. As of 31 December 2009, this network had a total of 3,306 base stations, covering almost the entire population of the country.

During the past year, Mobistar continued its investments in the 3G network, gradually extending coverage outside medium-sized towns. This strategy, aimed at providing optimal coverage in response to customers’ needs, will continue in 2010 with an extension of the 3G network to smaller towns. At the end of 2009, the total number of Huawei sites was 1,555, providing coverage for 87.6% of the population.

The Mobistar network had 4,861 sites at the end of December 2009, 608 of which were shared. This corresponds to a total of 14,583 cells.

HSDPA* (High Speed Downlink Packet Access) and HSUPA technologies (High Speed Uplink Packet Access) were activated on the whole of the 3G network, and Mobistar has the technical capability to evolve towards 4G, which will ultimately allow transmission speeds of 100 Mbits per second.

**• Collaboration with KPN Group Belgium**

In October 2009, Mobistar and KPN Group Belgium (BASE’s parent company) signed a cooperation agreement for the acquisition and construction of new sites for their respective mobile telecommunication networks. The collaboration covers sharing of pylons, masts, cables, public utility infrastructures, safety equipment and transmission systems, excluding the radio infrastructure. This will allow faster extension of the networks and better service for the customers of both operators, while offering both companies the opportunity to reduce their environmental footprint.
New generation core network

• Completion of the migration

Mobistar very quickly completed the migration of its core network to the Huawei MSC R4 hardware during the past year. This is working with exemplary stability.

The replacement of the current VoIP/IMS platform by a Huawei platform is the final stage in the homogenisation strategy of the Mobistar core network.

• Three new core sites

After the migration of the telecoms hardware from the former St. Michel site to the Bordet core site in 2008, the IT hardware based in Charleroi was transferred to the same site in 2009. Mobistar also started construction of a new telecoms core site in Liège and signed a contract with Luxembourg company Luxconnect to install a mixed telecoms-IT core site at its international hosting centre in Luxembourg. This highly ambitious relocation policy of its strategic sites will be finalised in 2010.

Mobistar has also started the modernisation of all its secondary core sites.

• New generation hardware

As announced in 2008, Mobistar has invested in the replacement of SGSNs (switches) and GGSNs (IP access modules) by a Huawei infrastructure, which will allow very substantial expansion in mobile data traffic. At the end of 2009, all of the 3G traffic was transferred onto this new infrastructure. The 2G traffic will follow in the first half of 2010.

Likewise, Mobistar started the installation of nHLR, the new generation databases containing all the subscriber information. This modernisation will also be completed in the first half of 2010.

Modernisation of the transmission network

Very sizeable investments were made in Mobistar’s transmission network in 2009. The deployment of a national new generation fibre optic network (WDM and IP/MPLS) was completed. The next step will be to deploy this new infrastructure at regional level and to interconnect the Belgian and Luxembourg networks. In parallel, Mobistar chose to deploy its own network of new generation microwave links.

Finally, Mobistar continued the installation of its own IP-type DSLAM (Digital Subscriber Line Access Multiplexer) in the Belgacom collocation centers with a view to cutting its leased line costs and increasing the bandwidth capacity to handle advanced multimedia applications. At the end of 2009, this equipment enabled broadband and VoIP services to be provided to 90% of households in the country.

The implementation of a transmission network based entirely on IP and mostly supplied by Huawei offers substantial potential in terms of capacity and transmission speeds between the various Mobistar sites, while cutting costs thanks to a centralised management platform.

A single services platform

In 2010, Mobistar will select the supplier to provide the new generation platform which is due to replace the various services platforms (SMSC, MMSC, VMS and IVR). This totally integrated platform will be brought into service in 2010. Being linked to the customer service and billing platforms, it will offer a wide range of functionality directly, and will reduce time-to-market considerably.

Management of the technical network

The partnership with Ericsson for the management of the Mobistar technical network led once again in 2009 to the acquisition of a very large number of 3G sites. A lot of work went into optimising the stability of the network and cutting response time in the event of an incident.

* For the definition of the technical terms, please consult the Glossary on page 30.
**Introduction of an integrated HR solution**

The implementation of the integrated IT solution for HR functions, developed during 2008, enables optimal service quality to be offered to all team members, while improving operational efficiency. Only the e-recruitment module still has to be implemented at the beginning of 2010. The setting-up of dedicated centers of expertise (legal aspects, labour relations, compensation & benefits ...) has been accompanied by the creation of an HR Service Centre, responsible for all administrative management connected with human resources. This shared service centre has been fully operational since September 2009. A team member satisfaction survey is planned for 2010.

**Mapping of competencies**

In 2009, team members continued the input of their personal data into the PDP module (personnel development plan). At the end of 2009, the level of input had reached nearly 75%. This tool not only allows individual performance to be evaluated, but also to show in parallel the competencies of each team member and the requirements of the job that they are doing.

A systematic mapping of existing competencies was carried out during 2009, in the sales and technical departments. This will continue in 2010 in the rest of the company, the ultimate aim of the project being to fine-tune the proactive management of human resources in the medium-term. A process of reflection about future careers was initiated at the same time, with a view to encouraging optimal employability of team members looking two to three years ahead. An action plan will be implemented in 2010.

**Alignment of HR processes at Orange Luxembourg**

Mobistar's HR processes and management tools are gradually being implemented at Orange S.A., Luxembourg (formerly VOXmobile), which employs 120 people. The PDP will be introduced in 2010.

**A move marked by changes**

In 2009, Mobistar left its historic head office at rue Colonel Bourg in Brussels, and moved its customer service to the Sirius building in Evere. The rest of the staff will move to the company’s new head office in 2010.
Designed so as to limit its environmental footprint as far as possible, the Sirius building also aims to illustrate the mobility experience advocated by Mobistar by the way that its own staff works. The human resources management defines this change in three main areas: physical (85% of shared desks, clean desk policy that also applies to members of the Executive Committee), virtual (introduction of tools encouraging communication between team members, wherever they work) and mental (designation of Mobistar Heroes charged with bringing the whole workforce on board in accepting these new working methods).

Teleworking, which was initiated in 2008, was a first step in the professional mobility policy advocated by Mobistar. Its implementation continued in 2009, because the results were extremely positive, from the viewpoint of mobility as well as individual motivation. Teleworking goes hand in hand with the flex desk concept in the new work organization within Mobistar.

In 2009, Mobistar also outlined its carpooling policy, which it wants to put into practice at its new offices. Spaces will be reserved in the Sirius building’s car park for people who share their cars, and an information sharing site has been set up on the Intranet.

**Appointment of Stephane Beauduin to the Executive Committee**

In April 2009, Stephane Beauduin (43 years old) succeeded Erick Cuvelier as Chief Marketing Officer (CMO) of Mobistar. He joined the company in 2004 as director for the business market, and launched the first integrated solutions positioning Mobistar as a customer centric operator in this market segment. Since July 2008, he had been Deputy CMO. Erick Cuvelier has joined the France Telecom-Orange Group as Director of the Innovation and Marketing Department.
In 2009, Mobistar renewed its membership of Business & Society Belgium, a network of businesses and associations that wish to incorporate corporate social responsibility into their management and their business activities. Business & Society carried out an evaluation of the operator’s CSR policy. This identified the strengths and weaknesses of the operator’s policy.

It appears that at Mobistar, corporate social responsibility is an integral part of the management and that it is present in the people’s minds. Other strengths are related to internal communication, facility management, supplier management as well as the welfare of employees at work. Furthermore, efforts must still be made regarding the dialogue with our stakeholders as well as some environmental aspects (e.g. to supply our stores).

Mobistar’s CSR was also audited by the Vigeo Group, which measures the performance and level of risk control connected with the social responsibility of businesses and organisations. In particular, its mission is to provide analyses to investors and fund managers.

In 2009, Mobistar deepened and broadened its Corporate Social Responsibility (CSR) program. This has three main lines of action: include, preserve and care.

**Include**

Mobistar’s aim to combat social and technological exclusion is put into practice via the Participate! campaign and a collaboration with Close The Gap.

- **Participate!**

In 2009, Mobistar continued the Participate! project, which is an ideal fit for the company’s image and mission. The aim of this project is to improve the quality of life of people with autism and their families, by developing tools for information and awareness-raising.

For parents without the Internet, the Participate! charity finalised a new brochure on the theme “Helping my child to develop”. This document summarises the second module of the site www.participate-autism.be, which aims to be a reference point for anyone looking for high quality information about autism.
A third module is in preparation: this will be a practical guide intended to facilitate contacts with the entourage of children with autism. It will be finalised at the beginning of 2010.

Mobistar, which committed to the Participate! project for three years, has reviewed this initiative, and decided to continue the project with the same partners for the long term. In 2010, new content will be developed for the site, and we are planning the training of parents.

- **Recycled computers**

Mobistar continued its collaboration with the Close The Gap charity, which recycles computers that have been depreciated and sends them to developing countries. Since 2003, Mobistar has supplied some 4,000 used computers, which have been sent by the association to Africa.

**Preserve**

Mobistar aims to combat climate change and reduce its impact on the environment.

- **Saving energy**

In 2009, particular emphasis was put on cutting energy consumption. Mobistar wants to cut its consumption by 15% between now and 2020. The company’s energy consumption has been scrutinised in minute detail, and action plans have been set up to cut it in offices, stores and relay mast sites. Systems have already been put in place to reduce energy consumed by ventilation on relay mast sites. In these buildings, equipment limits fluctuations in temperature, and switches off lights automatically, etc. Mobistar is going even further at its new head office in Evere. Designed to limit its environmental footprint as far as possible, the Sirius building has an energy performance index of E74, whereas the standard currently prevailing in the Brussels region is E100 for offices.

- **Cutting emissions of CO2**

Mobistar tries to cut its CO2 emissions every year. The implementation of teleworking, initiated in 2008, continued in 2009. A growing number of vehicles in the company’s fleet have low-emissions of CO2 or are hybrids. Total CO2 emissions have been cut from 4,765,590 tonnes in 2008 to 4,229,559 in 2009.

To encourage reductions in car usage, Mobistar launched a number of initiatives in 2009: participation in European mobility week, development of a carpooling site on the Intranet, opening of an information point on modes of transport, authorisation to use the company fuel card for motorcycle journeys, provision of showers and changing rooms for cyclists.

Finally, team members were invited to take part in the Earth Hour and switch off the lights for an hour on 28 March 2009.

- **Reducing waste**

Mobistar recycles mobile phones (including the batteries). The majority of antenna components are recycled by a certified partner. The operator uses natural materials not containing chemicals for its packaging.

**Care**

Mobistar aims to act as a responsible employer on the one hand, and to promote responsible practices on the other.

- **Welfare of team members**

Mobistar endeavours to improve the quality of life of its team members via a series of services: healthy food in the cafeteria, support to quit smoking, child care during the holidays. To combat stress, Mobistar offers team members courses in tai chi, yoga and sophrology. The operator also offers staff experiencing difficulties in their working or home life counselling provided by practitioners from outside the company.

- **Customer relations**

Mobistar provides information about health and responsible use of mobile phones to its customers, via its website and brochures such as the “Family Guide” and the magazine “Get More”. A code of practice has also been signed in the context of child protection. Customer satisfaction is also measured regularly.

- **Relations with suppliers**

Selection criteria are applied in the fields of the environment, health and safety, social management and reliability of subcontractors. Since March 2009, a clause setting out these criteria has been inserted in all requests for price quotes and contracts. These criteria are based on ILO standards, the Global Compact and OECD recommendations.

In some cases, Mobistar deliberately chooses suppliers of sustainable products, or sheltered employment companies who employ people with disabilities or low qualifications.

A code of practice has been drawn up for buyers. They have also undergone training in order to apply a sustainable purchasing policy.

Mobistar inspects its suppliers and subcontractors in relation to certain products. Where there is a direct link with a foreign subcontractor, it must prove that it respects human rights, that it provides healthy, safe working conditions and pays the attention necessary to the impact of its activities on the environment.
### The Board of Directors

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<td>Jan Steyaert</td>
<td>Chairman</td>
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<td>Benoit Scheen (1) (2)</td>
<td>Executive director</td>
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<td>Christina von Wackerbarth (3)</td>
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<td>Sparaxis (3)(4)</td>
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<td>Eric Dekeuleneer (3)</td>
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<td>Philippe Delaunois (3)</td>
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<td>Bertrand du Boucher (1)</td>
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<td>Olaf Swantee (1)</td>
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<td>Brigitte Bourgoin (1)</td>
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<td>Vincent Brunet (1)</td>
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<td>Gervais Pellissier (1)</td>
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<td>Wirefree Services Belgium (1) (5)</td>
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### The Audit Committee

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### Executive committee

- **Benoit Scheen**, Chief Executive Officer
- **Paul-Marie Dessart**, General Secretary
- **Olivier Ysewijn**, Chief Strategy Officer
- **Anne Cambier**, Chief Procurement & Process Officer

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(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).
Stephane Beauduin (6) (7), Chief Marketing Officer

Werner De Laet, Chief Financial Officer

Paul Baeck, Chief Commercial Officer

Pascal Koster, Chief Technology Officer

(6) Since 1 April 2009, Stephane Beauduin has been appointed Chief Marketing Officer
(7) Erick Cuvelier has been Chief Marketing Officer until 30 March 2009.
The Belgian and international context

2009 saw a spectacular recovery in the BEL20 over the course of the year, as it regained 31.59% after the catastrophic fall in stock markets in 2008. In this kind of context, the Mobistar share was handicapped by its defensive profile. Between 2 January 2009 and 2 January 2010, its price fell by 7.25%.

Although 2009 saw a revival in stock markets, the BEL 20, which was at 2,537.7 points when it opened on Monday 4 January 2010, remained well below the peak reached in May 2007 (4,756.8 points on 23 May). The recovery was clearly apparent at the start of the second quarter of 2009, and went hand in hand with a preference for the more risky telecoms shares and for some shares in other sectors. Nevertheless, telecoms shares remained synonymous with stability in cash flow, high dividends and controlled investment budgets. In this context, Mobistar shares, considered as one of the most defensive players in the sector, were not able to benefit from the rebound in stock markets and the slight recovery in the economy from March 2009.
Mobistar’s defensive profile is the reflection of its good position on the market and the highest dividend yields in the sector, resulting from maximum profit distribution. These characteristics were overshadowed by the potential falls resulting from changes to mobile termination rates by the IBPT, the potential arrival of a fourth mobile operator and the possible introduction of tied selling. These factors are considered as potential obstacles to subsequent growth in Mobistar’s turnover and profits. Due to the significant volume of defensive stocks in the Dow Jones Euro Stoxx 600 Telecom, that index only rose by 12.04% during 2009 whereas the BEL 20 rose 31.59% and the Dow Jones Euro Stoxx 50 by 24.59%.

Change in the Mobistar share price

Mobistar’s defensive profile sustained the share price during the first quarter of 2009, due to an attractive dividend yield, stable profit prospects, and the low indebtedness of the company, which is reflected by a net debt/EBITDA ratio of about 0.5. The announcement in mid-February of the renewal of the strategic partnership with Telenet was also received positively by the financial markets. Despite the 2008 results (published at the beginning of February 2009) being better than expected, the EBITDA guidance for the year 2009 remained below the 40% level, lower than the average of forecasts from analysts who watch the Mobistar share. This situation put the share price under pressure. The trend was confirmed following the publication of disappointing figures for the first quarter of 2009, especially in terms of profitability, with an EBITDA margin of 38.4%. This fall is explained by factors including the negative impact on profit margins of offers including large volumes of text messages in prepaid deals, index-linking of salaries at 4.51% and the costs generated by the gradual deployment of the 3G network.

Thereafter the Mobistar share price moved in the opposite direction to the BEL 20 and the Dow Jones Euro Stoxx 600 Telecom. The reason: besides the disappointing results for the first quarter, there was persistent uncertainty about the impact of regulation and the payment of the ordinary dividend (2.9 euro) in May 2009. The share reached its lowest price at 41.3 euro in mid-August, after payment of the exceptional dividend (1.65 euro) on 18 August.

Buoyed by the good first-half results, which revealed a rise in EBITDA margin (39%), and by the announcement that Mobistar had been selected as the France Telecom Global Competence Center for machine-to-machine solutions, the share started to bounce back. This upward move was strengthened by the encouraging third quarter results, marked by a further increase in the EBITDA margin (39.2%), and by the announcement of a cooperation agreement with KPN Group Belgium, with a view to joint development of network components.

Consolidation movements between the British and Swiss subsidiaries of the Orange group, on the one hand, and of other telecoms operators on the other, caused a degree of speculation about a possible consolidation on the Belgian market. That rumour pushed the Mobistar share above 50 euro at the beginning of December, but it gave way to uncertainty about the new mobile termination rates. By referring to the announcements made by other national regulators, it became possible that these would fall by even more than anticipated, putting further pressure on Mobistar’s future profits. As a consequence, the share price ended 2009 at 37.9 euro, down 7.25% in comparison with the price a year earlier. Taking account of dividend after tax, the return remained more or less stable (-0.6%).

Structure of the shareholder base

On 31 December 2009 the capital of Mobistar was 109,179,644.31 euro, represented by 60,014,414 shares with voting rights.

To date, the reference shareholder, France Telecom SA, holds 52.91% of the existing shares via its wholly-owned subsidiary Atlas Services Belgium SA.

In accordance with the regulation on transparency (Article 15 of the Law of 2 May 2007) concerning the requirement to notify the shareholder base of companies listed on a regulated market, Mobistar maintains notifications on exceeding the threshold of 3%, 5% and multiples of 5%. During 2009, the following parties exceeded the 3% notification threshold:

- MFS Investment Management (United States): 5.54% (situation as of 28 January 2010);
- Blackrock Inc (United States): 2.92% (situation as of 20 January 2010);
- AXA Investment Managers Paris (France): 2.96% (situation as of 8 September 2009);
- Goldman Sachs Asset Management (United States): 2.96% (situation as of 8 May 2009).

Dividends

In accordance with its decision of 10 February 2010, Mobistar’s Board of Directors decided to propose to the General Meeting of Shareholders on 5 May 2010 the distribution of a portion of the profit, with a total amount of 273 million euros. This will be distributed in two tranches: payment of an ordinary dividend of 2.90 euro per share on 21 May 2010 and payment of an extraordinary dividend of 1.65 euro per share on 20 August 2010. This in line with the continuing rise in the dividend during previous financial years.
2G
Second generation of mobile telephony technology.

3G
Third generation of mobile telephony technology, better known as UMTS.

4G
Fourth generation of mobile telephony technology.

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 allows a high-speed digital connection and data transmission over a copper wire.

ARPU (Average Revenue Per User)
Average revenue for telecom services generated per user and per month.

B2B (Business-To-Business)
Business-to-business; describes commerce transactions between businesses.

B2C (Business-To-Consumer)
Business-to-consumer; describes activities of businesses serving end consumers with products and/or services.

BSC (Base Station Controller)
Network entity controlling a certain number of Base Transceiver Stations.

BTS (Base Transceiver Station)
Basic element of the cellular mobile telephony network.

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.

ERP (Enterprise Resource Planning)
An integrated computer-based system used to manage internal and external resources including tangible assets, financial resources, materials, and human resources.

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 3¾G.

ILO (International Labour Organisation)
A specialized agency of the United Nations that deals with labour issues.

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.

IVR (Interactive Voice Response)
Interactive voice computer system.

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.

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.

MPLS (Multi Protocol Label Switching)
Data-carrying mechanism 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.

OECD (Organisation for Economic Co-operation and Development)
The OECD defines itself as a forum of countries committed to democracy and the market economy, providing a setting to compare policy experiences, seek answers to common problems, identify good practices, and coordinate domestic and international policies.

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.

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)
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.

USB (Universal Serial Bus)
A specification to establish communication between devices and a host controller (usually personal computers).

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.