

ERC IRELAND PREFERRED EQUITY LIMITED

ERC IRELAND FINANCE LIMITED

28 October 2011

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The Senior Notes and the Senior PIK Notes have not been registered under US Securities Act of 1933, as amended (the "US Securities Act"), or any state securities laws, and were offered and sold only outside the United States pursuant to Regulation S under the US Securities Act and to "qualified institutional buyers" in the United States in reliance on Rule 144A under the US Securities Act.

Statement for public release

1. Financial Statements

Eircom advises that the audited financial statements for ERCIPE and ERCIF will not be completed and distributed by 28th October 2011 as scheduled under the respective indentures. The companies require more time to complete these statements whilst eircom progresses its debt restructuring. The companies are looking to complete and distribute these audited financial statements before the end of November as is permitted under the indentures and a further statement will be made at that time regarding their delivery.

2. Trading Update

The indentures also provide that ERCIPE and ERCIF deliver unaudited condensed consolidated financial information and commentary for the first quarter ended September 30th 2011 by the end of November and a further communication about this will be sent out in due course.

eircom has today presented estimated results for the quarter to September 30th 2011 on a private basis to lenders under Senior Facility Agreement in accordance with the provisions of a covenant waiver that has been agreed with those lenders. The estimated consolidated EBITDA for the quarter to 30th September 2011 for ERCIPE and ERCIF consistent with that presentation would show a significant reduction in consolidated EBITDA for ERCIPE and ERCIF compared to the quarter to 30th September 2010.

eircom however notes that the estimated consolidated EBITDA was broadly in line with its budgets for the first quarter to September 30th 2011.

The estimated consolidated EBITDA result is subject to further revision prior to completion of the unaudited condensed consolidated financial information and commentary by end of November 2011.

For the fixed line a reduction in EBITDA was driven by significant revenue reductions reflecting in particular the difficult economic environment and competition pressures. PSTN line losses continue, growth in DSL broadband market is slowing and is losing market share to cable and mobile broadband. These fixed line revenue losses were partially offset at the EBITDA level from good progress on cost reduction, in both pay and non-pay costs, and continued efficiency.

For Mobile there was a very significant reduction in EBITDA compared to the quarter to September 2010, with reductions in revenues contributed by Mobile Termination Rate reductions, as well as a significant increase in mobile customer acquisition cost with the launch of iPhone and other smart devices. This acquisition program has contributed to an increase in net post pay customer numbers by around 18,000.

Cash held by ERCIPE and its subsidiaries amounted to approximately €384m at 30th September 2011.

3. Restructuring Update

The lenders at this private side meeting were also advised on progress regarding the restructuring. It was noted that the covenant waiver to the Senior Facilities Agreement had been agreed. In addition, eircom is at the present time in receipt of two proposals (one from the incumbent shareholders and the other from an ad hoc committee of certain holders of facility D under the Senior Facilities Agreement), and an approach from a third party, to restructure eircom's financial position.

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