



Fourth Quarter and Twelve-month Results to 30 June 2010

31 August 2010

1. Overview of Performance
2. Fixed Line
3. Mobile
4. Financial Review
5. Conclusion

Overview of Performance

Paul Donovan - CEO

KEY MESSAGES



- Revenue pressures continue, in a very challenging economic environment
 - Q4 revenue down 8.1% on PY quarter, across fixed and mobile
- Continued progress on costs and competitiveness – Q4 costs* down 12.8% on PY
- Q4 EBITDA* maintained steady on PY
- Headcount target for March 2011 already exceeded – total labour resource reduced by 1,531** since March 09
 - New organisation structure and management team established
 - Further restructuring planned; further €90m to be cut from annual labour costs by 2012/13
- Strong cash generation and debt reduction
 - Cash balance of €396m
 - Net acquisition debt*** reduced by €565m since June 2007
- Over 140,000 Next Generation Broadband (NGB) retail customers; expect over 280,000 by December. At that time, service will be available to potential customer base of over 1 million homes and businesses
 - Broadband growth targeted through continued investment in next generation networks and higher speed offerings
 - Announced commercial trial of ultra-high speed fibre in 2011
- eircom-branded consumer mobile services to be launched in 2010

* Adjusted EBITDA and costs before non cash pension charge/credit, exceptional items, net construction income and management fees

** including contractors

*** including accrued interest.

FINANCIAL KPIs

	Q4 PY €M	Q4 CY €M	Better/ (Worse) %	12mths PY €M	12mths CY €M	Better/ (Worse) %
Revenues						
- Fixed	372	347	(6.7%)	1,558	1,426	(8.5%)
- Mobile	121	107	(11.6%)	496	458	(7.7%)
- Consolidation adjustments	(14)	(14)		(57)	(56)	
- Group	479	440	(8.1%)	1,997	1,828	(8.5%)
Operating costs before management fees¹	305	266	12.8%	1,302	1,149	11.8%
Adjusted EBITDA before management fees¹						
- Fixed	139	148	6.5%	571	571	0.0%
- Mobile	35	26	(25.7%)	124	108	(12.9%)
- Group	174	174	0.0%	695	679	(2.3%)
Cash CAPEX (excluding Tetra)	64	39	39.1%	315	239	24.1%
Cashflow before financing²	84	127		182	136	
Cash on hand³				333	396	
Net cashpay acquisition debt⁴				3,289	3,134	

1. Before non-cash pension (credit)/charge, depreciation, amortisation and exceptional items

2. Prior year includes €24m construction contract receipt in July 2008.

3. Excluding Restricted Cash (€m)

4. Excluding Tetra debt, debt issue costs, leases and defeased leases

OPERATIONAL KPIs – FIXED LINE

		Q4 PY '000	Q4 CY '000	Better/ (Worse) %
PSTN Lines: (<i>'000</i>)	Retail	1,221	1,144	(6%)
	Wholesale	321	328	2%
	Total	<u>1,542</u>	<u>1,472</u>	(5%)
	Net decline in quarter	(23)	(18)	
DSL Lines: (<i>'000</i>)	Retail	477	496	4%
	Wholesale	188	212	13%
	Total	<u>665</u>	<u>708</u>	6%
	Net growth in quarter	7	5	
Voice traffic: (<i>m minutes in quarter</i>)	Retail	1,202	1,041	(13%)
	Wholesale	2,073	1,897	(8%)

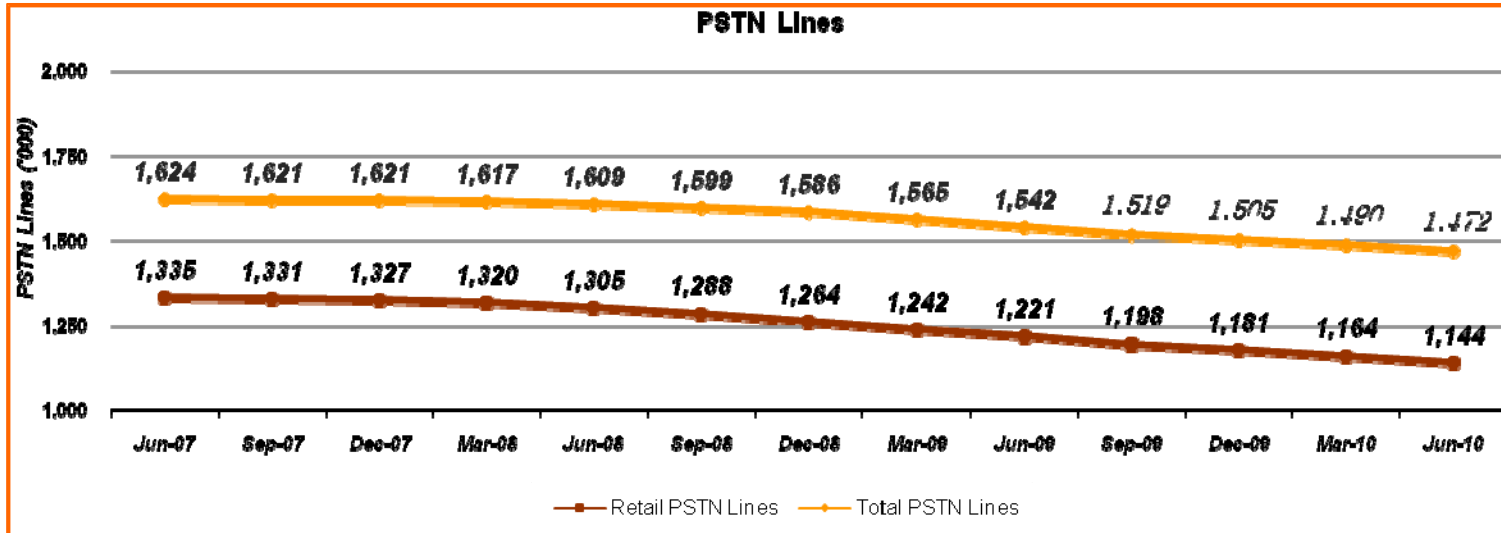
OPERATIONAL KPIs - MOBILE

		Q4 PY	Q4 CY	Better/ (Worse)
		'000	'000	%
Mobile customers:	Prepaid handsets	882	858	(3%)
	Postpaid handsets	135	143	6%
	MBB *	9	42	
	Total	<u>1,026</u>	<u>1,043</u>	2%
	Net additions/(losses) in the quarter:			
	- Prepaid handsets	(10)	(25)	
	- Postpaid handsets	(3)	0	
	- Total handsets	<u>(13)</u>	<u>(25)</u>	
	- MBB	6	3	
	- Total	<u>(7)</u>	<u>(22)</u>	
Monthly ARPU (€) (average for the quarter)		37.26	31.69	(15%)
Non-SMS data (as % of outbound revenue in Qtr)		10.0%	11.1%	11%

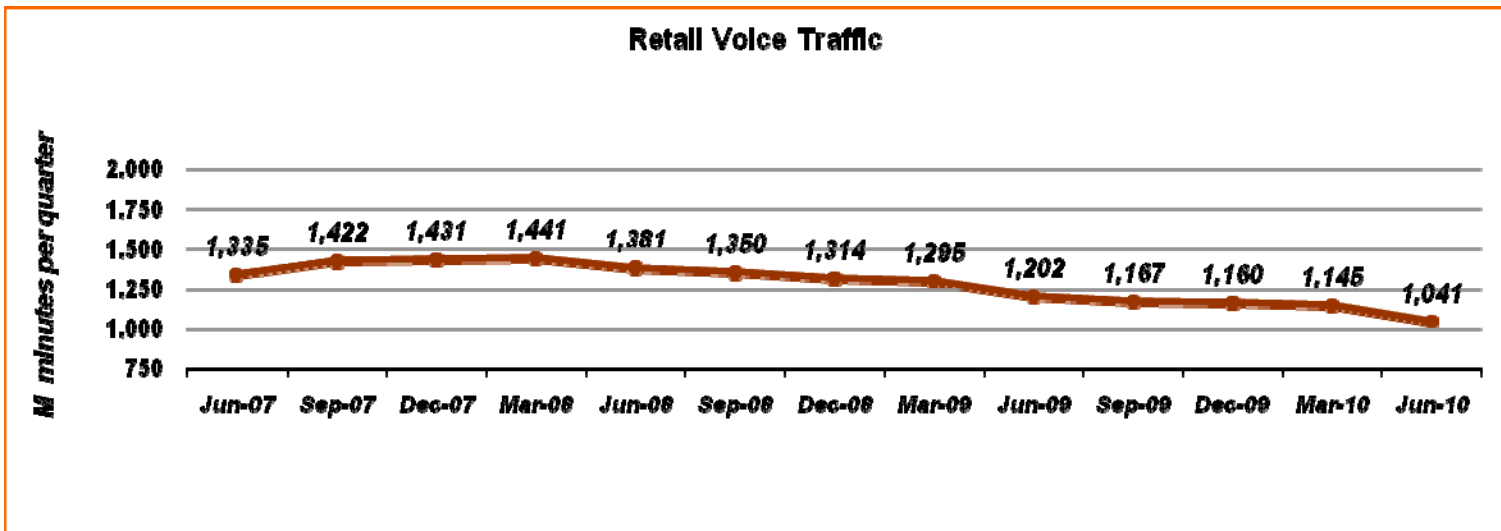
* Mobile broadband modems

Fixed Line

FIXED LINE – Customer Numbers and Traffic



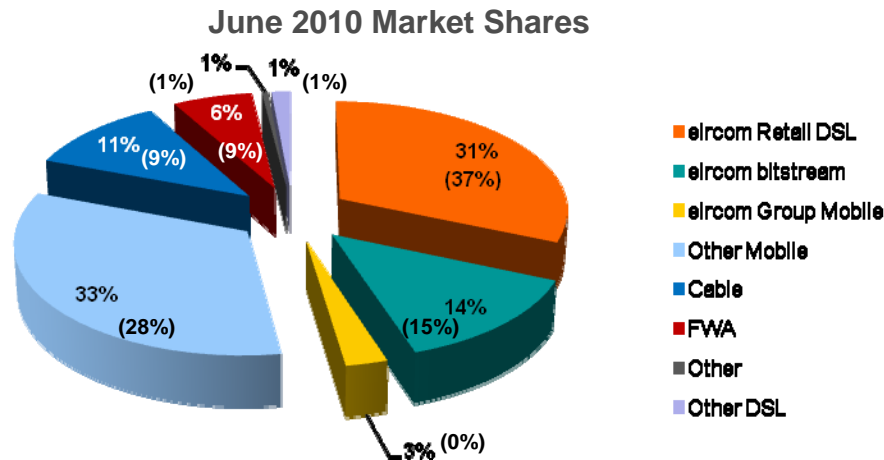
- 5% decline YoY in total PSTN lines
- 6% decline YoY in Retail PSTN lines



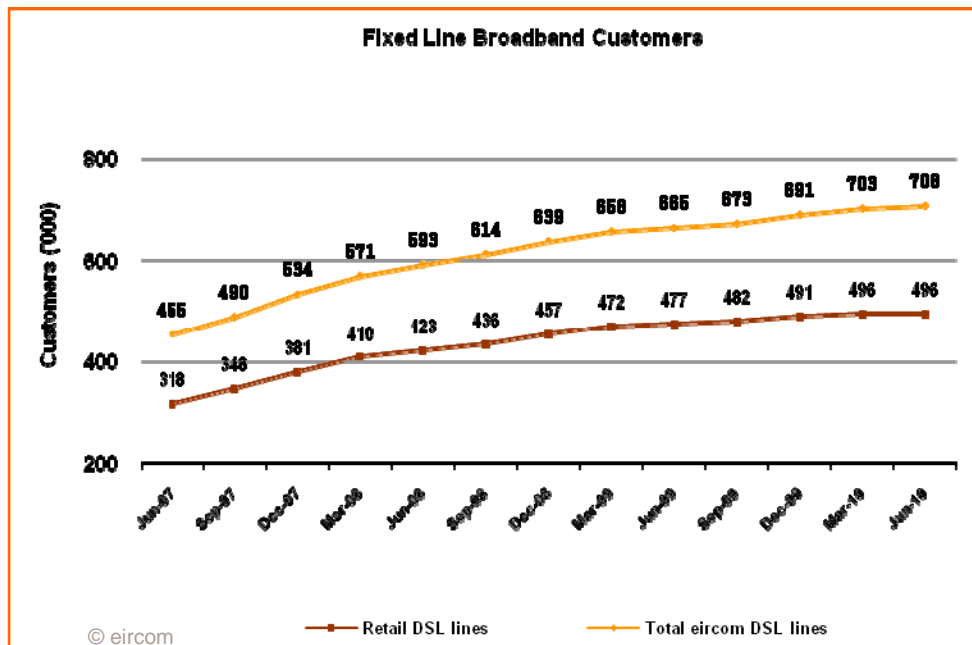
- 13% decline YoY in Retail voice traffic

BROADBAND MARKET

c1,575,000 broadband subscriber market¹



Note: June 09 shares in brackets



¹ Based on management estimates as at 30 June 2010

- Retail share of DSL market is c67% at end June 2010 (70% in June 09); 31% of total broadband market
- Retail and Wholesale DSL share of total broadband market is c45% at end June 2010 (52% in June 09)
- Group Fixed and Mobile broadband customer base (excl. LLU) of 750,000; c48% of the total broadband market
- Growth in eircom broadband – 8,000 net adds in quarter: 5K Fixed Line DSL and 3K Mobile Broadband

FIXED LINE – BROADBAND SPEED UPGRADE PROGRAMMES



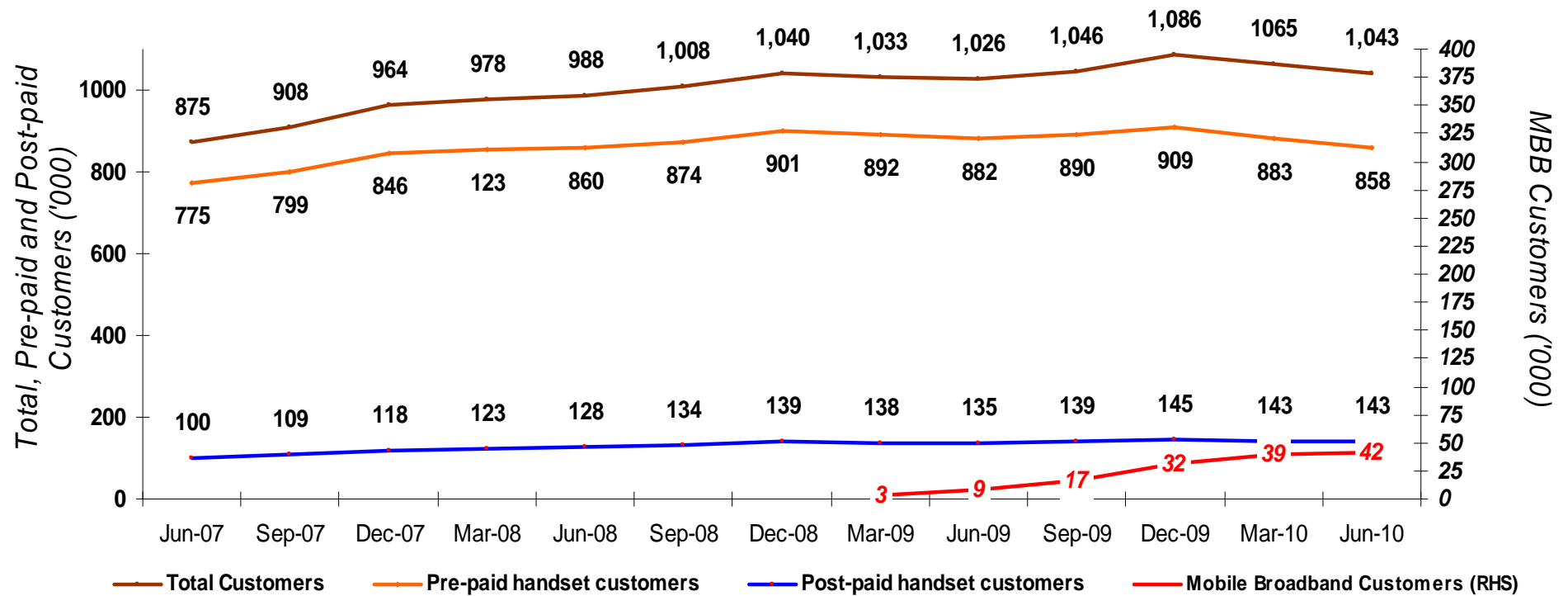
Broadband for the future.....



- 72% of total Retail subscribers now on 3Mb or more
- 8Mb/s NGB un-congested broadband being rolled out – now over 140,000 Retail customers
 - Anticipated to grow to over 280,000 customers by end 2010, and over 1 million homes and businesses passed
- Increasing demand - average monthly download by broadband customers has grown by 27% over last year.
- Open access commercial trial for ultra-fast fibre-based services in 2011
 - 10,000 homes in two locations

Mobile

MOBILE PERFORMANCE – CUSTOMER NUMBERS



Total customers include MBB and eircom mobile.
 Mobile Broadband Customers include meteor Mobile Broadband and eircom Mobile Broadband.

MOBILE PERFORMANCE - 3G:

Net Adds for all operators have been falling



<i>Net Handset Adds per quarter</i>	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	TOTAL Full Year	Handset Customers at Jun 10
Meteor*	-10	-13	11	26	-27	-25	-15	1,002
Vodafone	-95	-123	2	2	-7	-2	-5	1,906
O2	-22	3	-6	-18	-18	4	-38	1,572
3 Ireland	17	14	11	14	11	6	42	297
Total	-81	-97	60	79	4	3	146	5,309
<i>Total Net Adds per quarter</i>	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	TOTAL Full Year	Total Customers at Jun 10
Meteor*	-7	-7	19	40	-21	-22	17	1,043
Vodafone	-87	-124	9	15	4	4	31	2,049
O2	-21	10	1	-4	-9	5	-6	1,711
3 Ireland	35	24	31	28	30	16	104	506
Total	-81	-97	60	79	4	3	146	5,309
<i>Net MBB Adds per quarter</i>	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	TOTAL Full Year	MBB Customers at Jun 10
Meteor*	3	6	8	15	7	3	33	42
Vodafone	7	-1	7	13	11	6	37	143
O2	1	8	7	14	9	1	31	139
3 Ireland	18	10	19	13	19	10	61	209
Total	29	23	41	55	46	20	162	533

including eircom mobile
Source: ComReg quarterly reports and Management estimates. Numbers of 3 Ireland likely to change, according to recent Comreg statement.

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- 3G network rollout continuing successfully:
 - 63% population coverage, up from 53% in September 09; expect national coverage by June 2011
 - Over 900 sites now live
 - Best customer experience in the market
 - Extensive 2Mb indoor coverage now available
- 42,000 MBB customers at 30 June 2010
 - Won 20% of net adds in year to June 2010
- 29% of customer base now have 3G capable handset
 - 65% of post-pay customers, 100% of new post-pay sales
 - Over 50% of post-pay devices sold are smart-phones
- Largest range of Android devices in Ireland with all leading HTC, Samsung, LG and Sony Ericsson
- New offers launched to enhance our mobile broadband and data offerings
 - Free eircom wi-fi to all mobile broadband customers – over 1,000 public locations
 - New Hot Spot mobile broadband device - up to 5 devices connect at once
 - New Micro SIM for tablet devices
 - Innovative pricing plans
 - Non-SMS data now 11% of outbound Revenue; further growth expected

- Network launched mid-June 09; nationwide rollout now complete
 - Includes 20km of sea cover and 300m of air cover
- Western Region now live with final Northern region to go live in September
- Providing service to Prison Services, Police and other Government Agencies
 - Ambulance Service has now commenced migration
- c13,500 active users as of June 2010, up from 10,000 in December 2009
- EBITDA positive and growing; debt service on track



Financial Review:

Peter Cross - CFO

INCOME STATEMENT FOR ERCIF¹



	Q4 08/09	Q4 09/10	Better/ (Worse)	12 Mths 08/09	12 Mths 09/10	Better/ (Worse)
	€M	€M	%	€M	€M	%
Revenue						
-Fixed line	372	347	(6.7%)	1,558	1,426	(8.5%)
-Mobile	121	107	(11.6%)	496	458	(7.7%)
-Consol. adj.	(14)	(14)		(57)	(56)	
- Group	479	440	(8.1%)	1,997	1,828	(8.5%)
Opex before Management Fees*						
-Fixed line	(233)	(199)	14.6%	(987)	(855)	13.4%
-Mobile	(86)	(81)	5.8%	(372)	(350)	5.9%
-Consol. adj.	14	14		57	56	
- Group	(305)	(266)	12.8%	(1,302)	(1,149)	11.8%
Adjusted EBITDA* before management fees						
-Fixed line	139	148	6.5%	571	571	0.0%
-Mobile	35	26	(25.7%)	124	108	(12.9%)
- Group	174	174	0.0%	695	679	(2.3%)
Adjusted EBITDA*						
-Fixed line	138	146	5.8%	568	561	(1.2%)
- Mobile	35	26	(25.7%)	124	108	(12.9%)
- Group	173	172	(0.6%)	692	669	(3.3%)

1. Based on unaudited management accounts.

* Opex and adjusted EBITDA are before non cash pension charge/credit, exceptional items and net construction income.

INCOME STATEMENT FOR ERCIF¹ (CONT'D)



	Q4 08/09 €M	Q4 09/10 €M	12 Mths 08/09 €M	12 Mths 09/10 €M
Adjusted EBITDA* after Mgmt fees	173	172	692	669
Non-cash pension credit/(charge)	3	(4)	10	(21)
Net construction income/Profit on disposal of property and investments	3	0	9	0
Exceptional items	(47)	(69)	(60)	73
Depreciation & amortisation	(112)	(113)	(417)	(429)
Goodwill impairment	0	0	(720)	0
Operating profit/(loss)	20	(14)	(486)	292
Net finance costs	(26)	(43)	(321)	(197)
<i>-of which, (loss)/gain on mark-to-market of interest rate hedges</i>	19	11	(83)	28
Share of profit of associates	0	0	2	0
(Loss)/profit before tax	(6)	(57)	(805)	95
Tax credit	28	10	11	(1)
(Loss)/Profit after tax	22	(47)	(794)	94

1. Based on unaudited management accounts.

* Adjusted EBITDA is before non cash pension charge/credit, exceptional items and net construction income.

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CASH FLOW STATEMENT FOR ERCIF⁽¹⁾

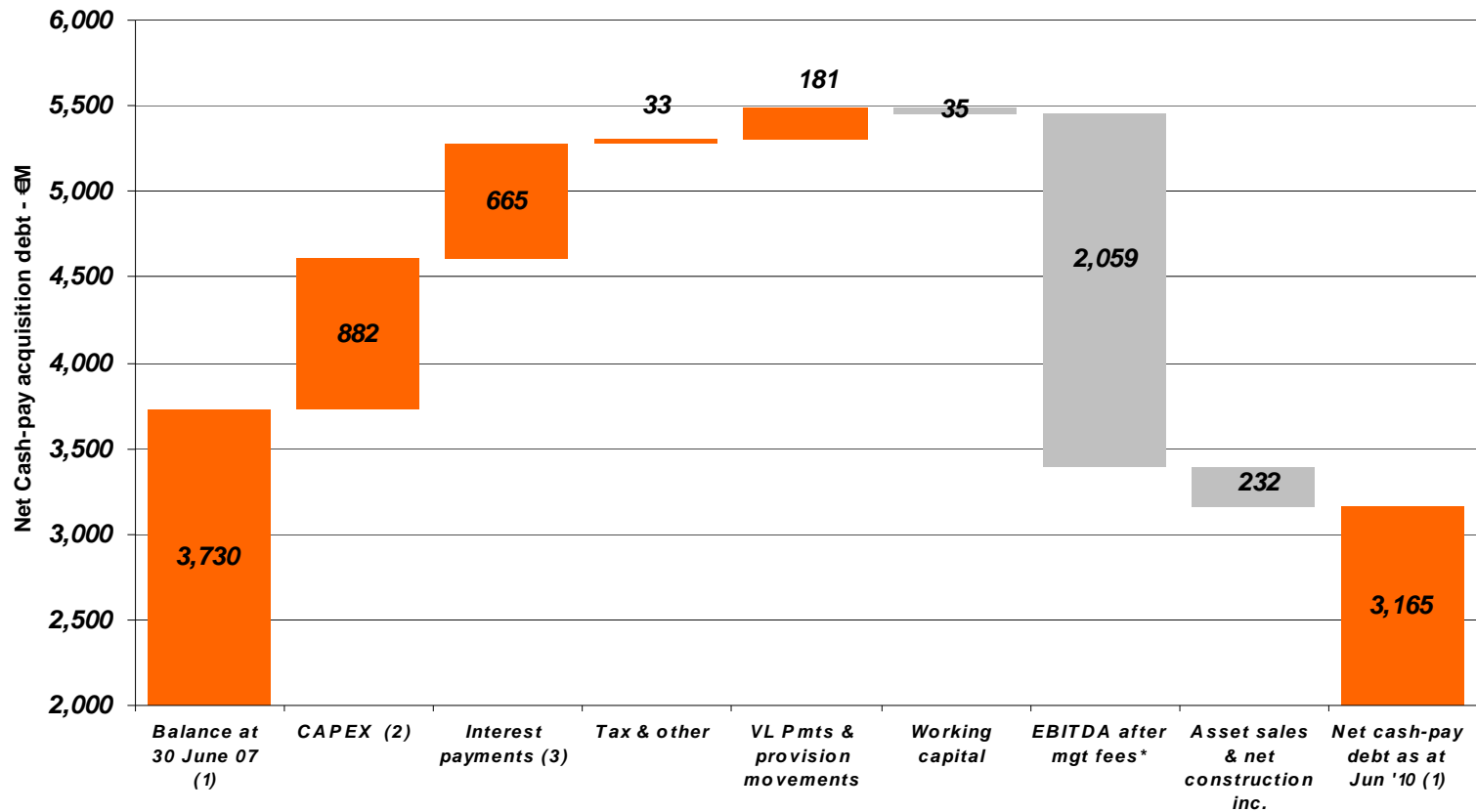


	Q4 08/09	Q4 09/10	12 mths 08/09	12 mths 09/10
Consolidated cash flow	€M	€M	€M	€M
Adjusted EBITDA after management fees*	173	172	692	669
- Payments for restructuring and other provision movements	(7)	(20)	(31)	(68)
- Working capital movement	17	44	(15)	0
- Tax (net)	(16)	(9)	(18)	(3)
Cash flow from operations	167	187	628	598
Capex - Group excluding Tetra	(64)	(39)	(315)	(239)
Capex - Tetra	(1)	(1)	(20)	(19)
Other	(2)	0	0	1
Cashflow before debt service	100	147	293	341
Interest paid (net) ²	(24)	(20)	(247)	(204)
Cash flow before construction contract	76	127	46	137
Sale of property & investments	9	0	13	0
Net construction contract cash flow	(1)	0	123	(1)
Cash flow before financing	84	127	182	136
Loan and lease repayments	(73)	0	(224)	(93)
Property loans repaid	0	0	(72)	0
Loans drawn down, incl Tetra	79	4	95	20
Net cash flow	90	131	(19)	63
Opening cash³	243	265	352	333
Closing cash³	333	396	333	396

EBITDA less capex*: €430m in 09/10; €1,177m in 3 years to June 2010

1. Based on unaudited management accounts for the group. 2. Includes preference dividends 3. Excludes €7m of restricted cash
 * Adjusted EBITDA before non cash pension charge/credit, exceptional items and net construction income; excluding Tetra CAPEX

Net Cash-Pay Acquisition Debt ⁽¹⁾

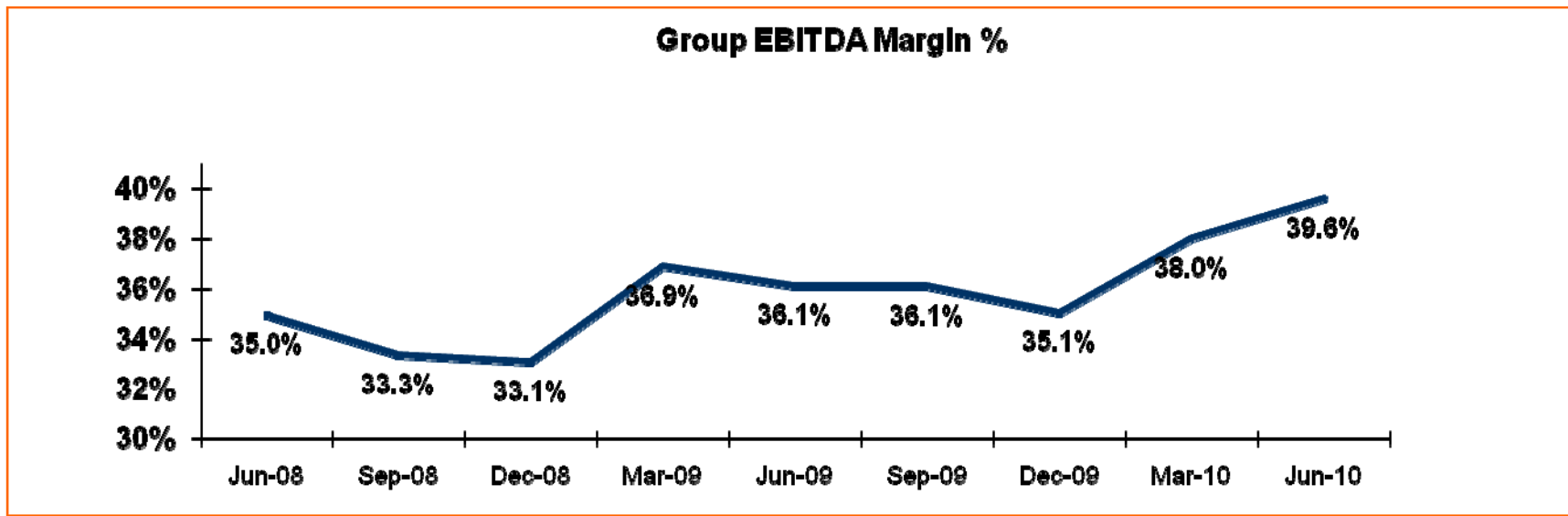
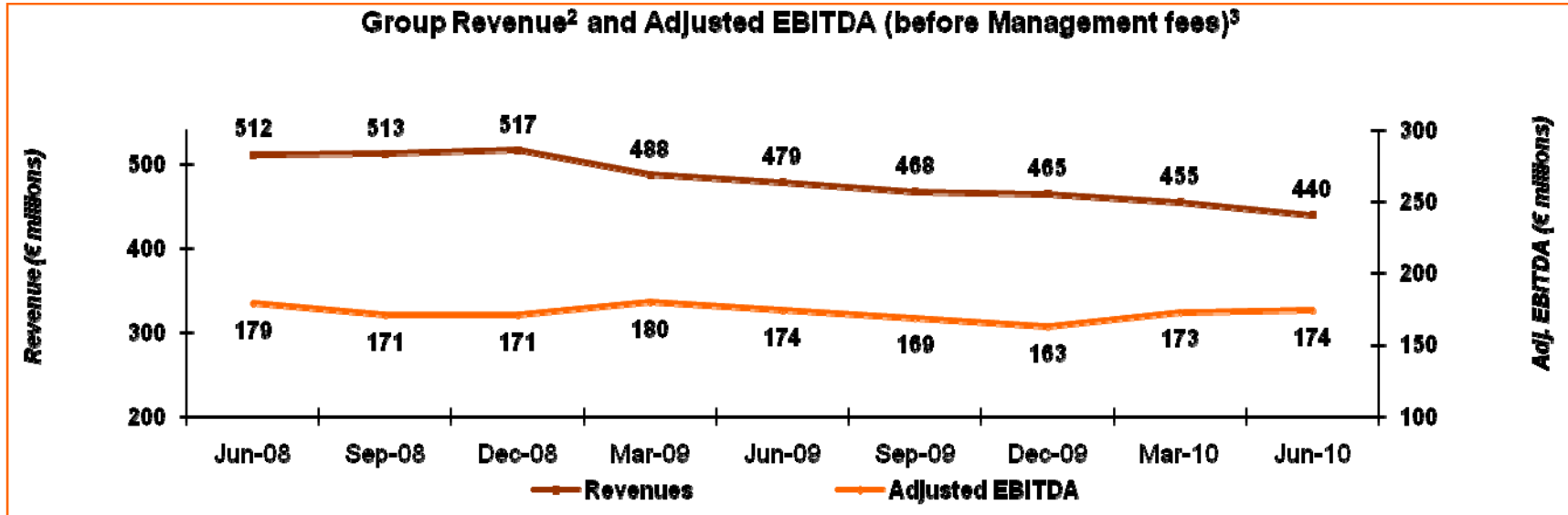


1. Net cash-pay acquisition debt excludes debt issue costs, leases and Tetra debt, and includes accrued interest.
2. Excluding Tetra
3. Net of reduction in accrued interest

* Adjusted EBITDA before restructuring and exceptional items, non-cash pension credit, net construction income and profit on disposal of property and investments

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GROUP FINANCIAL TRENDS¹



1. Source: unaudited management accounts

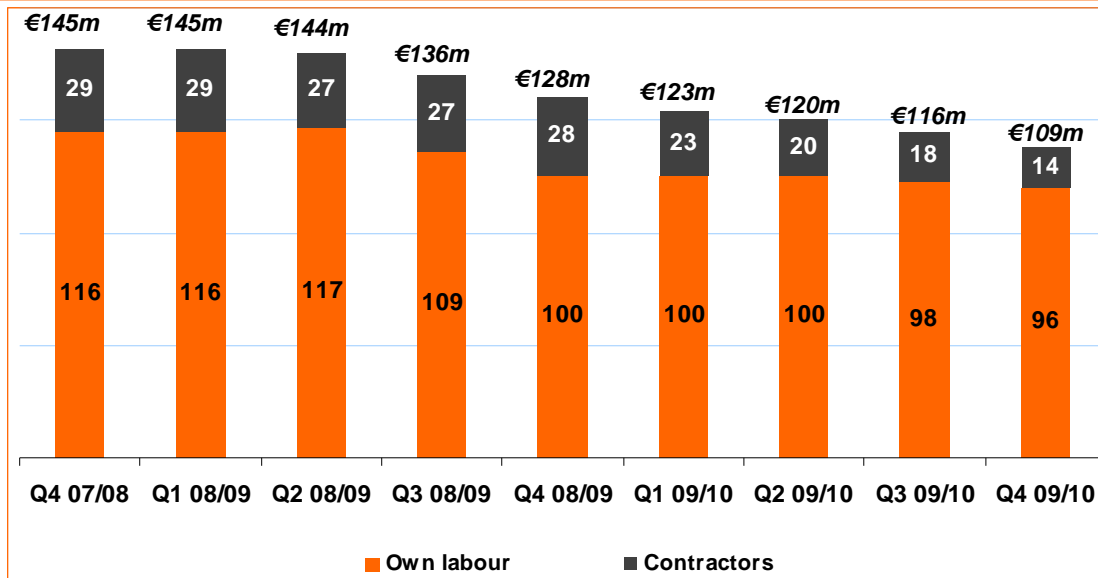
2. Revenue after consolidation and Fair Value adjustments.

3. Adjusted EBITDA before: exceptional costs, non cash pension credit, net construction income and profit on disposal of property and investments, and management fees.

STAFF COSTS

	Q4 08/09 €M	Q4 09/10 €M	Better/ (Worse) %
Group staff costs:			
- Wages & salaries	91	87	4.4%
- Social welfare	4	4	8.1%
- Pension costs	7	5	28.6%
Pay costs before non-cash pension	102	96	6.2%
Non cash pension (credit)/charge	(3)	4	n/a
Reported pay costs before capitalisation	99	100	-0.7%
Capitalised labour	(18)	(14)	22.2%
P&L pay costs	81	86	-5.7%

c.25% reduction in total labour costs since Q4 07/08



RELENTLESS FOCUS ON COSTS



- Operating costs to-date down 11.8% YoY*
 - Excluding cost of sales, 09/10 opex down c.€140m (17%) on 07/08 (before reinvestment in growth areas)
 - 1,531 reduction in labour resources** since March 2009, exceeding 1,200 target for March '11

- Employee headcount down 1,500 (18%) since July 07, against original target of 900

- Further restructuring in progress:
 - Combined fixed and mobile network organisation
 - Combined fixed and mobile marketing organisation
 - Productivity improvement and procurement savings

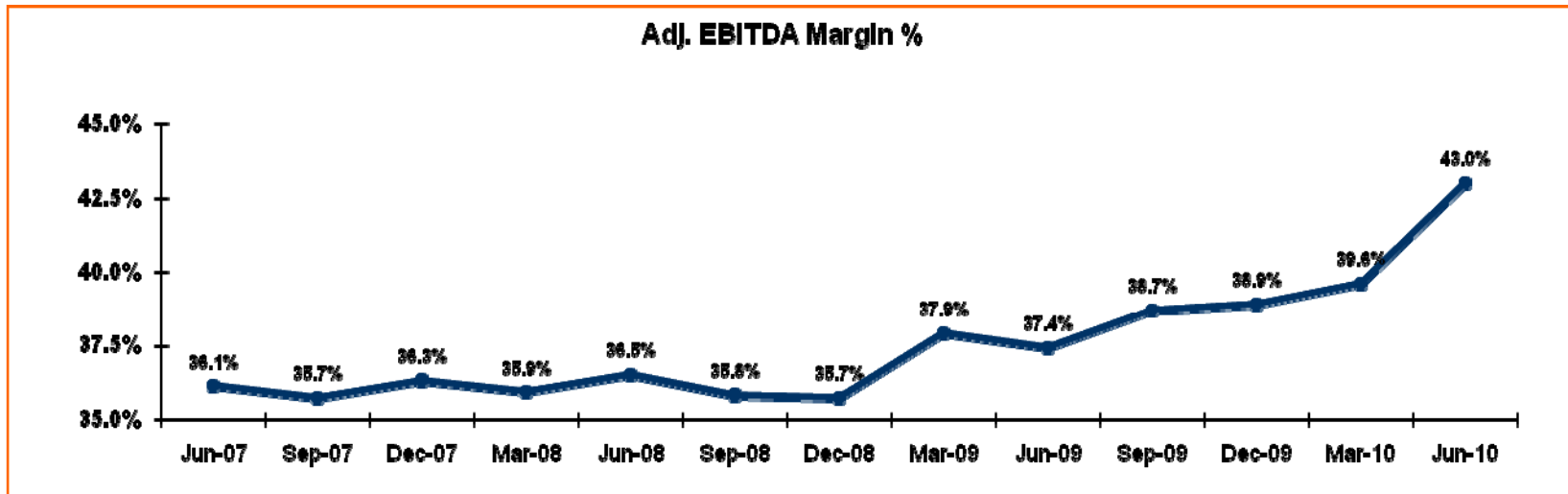
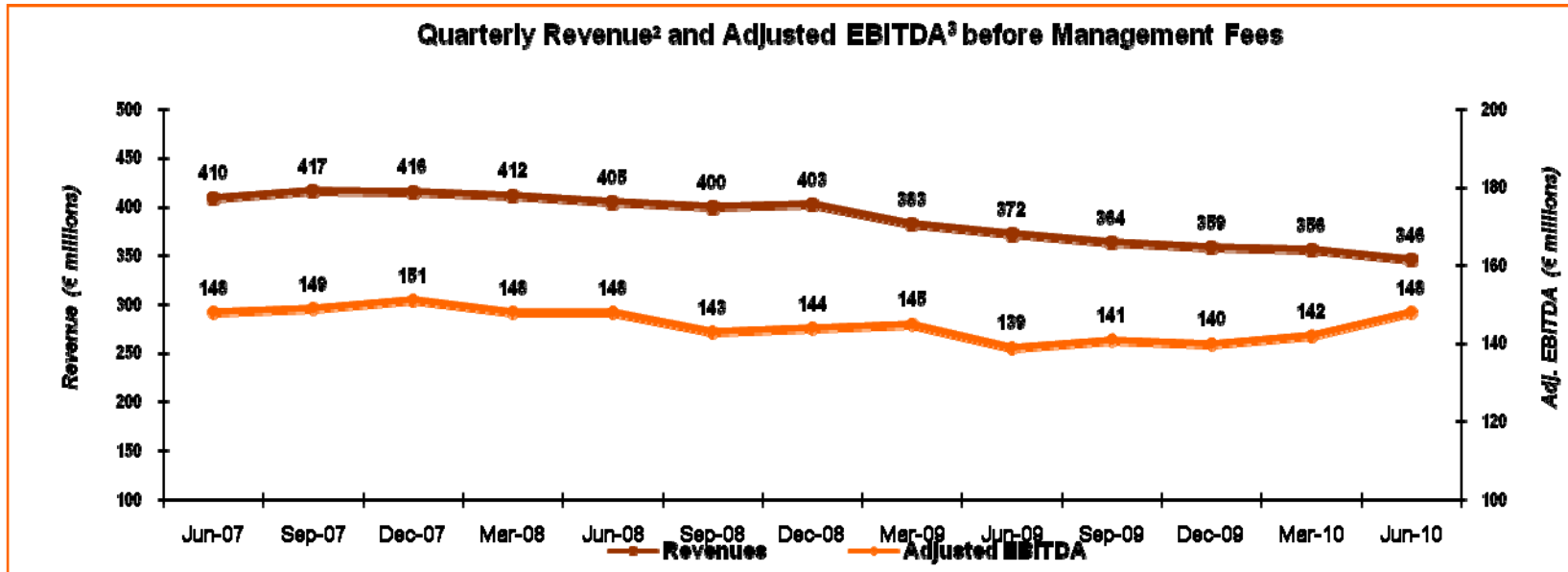
	31-Mar-09	30-Jun-10	Net change
- Employees	7,156	6,297	859
- Contractors*	1,805	1,133	672
- Total	<u>8,961</u>	<u>7,430</u>	<u>1,531</u>
Net percentage reduction:			<u>17%</u>
<i>* based on spend in the quarter</i>			

Total annual labour costs to be cut by further €90m by 2012/13

* Excluding non-cash pension charge/(credit), exceptional costs and management fee

** Including contractors

FIXED LINE FINANCIAL TRENDS¹

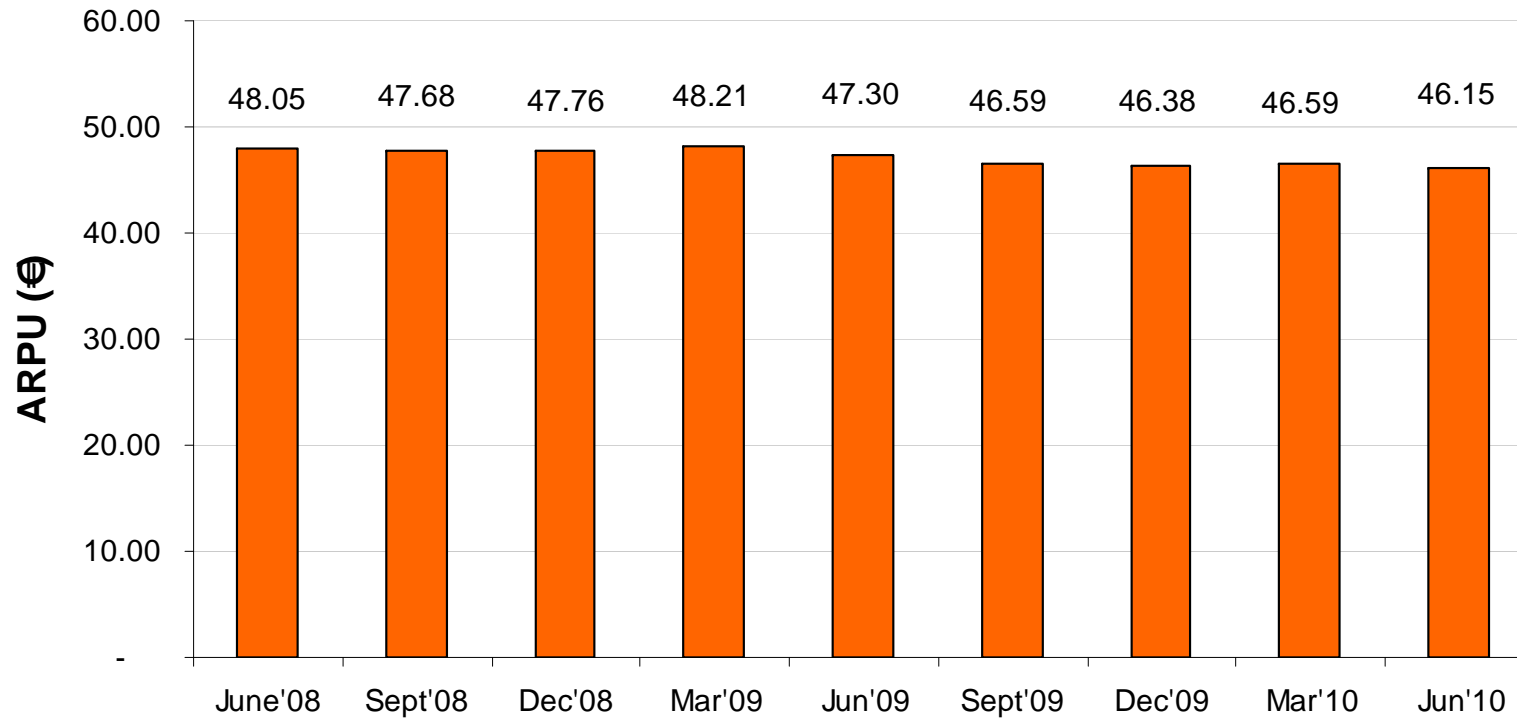


1. Source: unaudited management accounts

2. Revenue, including Fair Value adjustments: eircom Mobile reclassified from Fixed line to Mobile in all periods.

3. Adjusted EBITDA before: exceptional costs, non cash pension credit, net construction income and profit on disposal of property and investments, and management fees

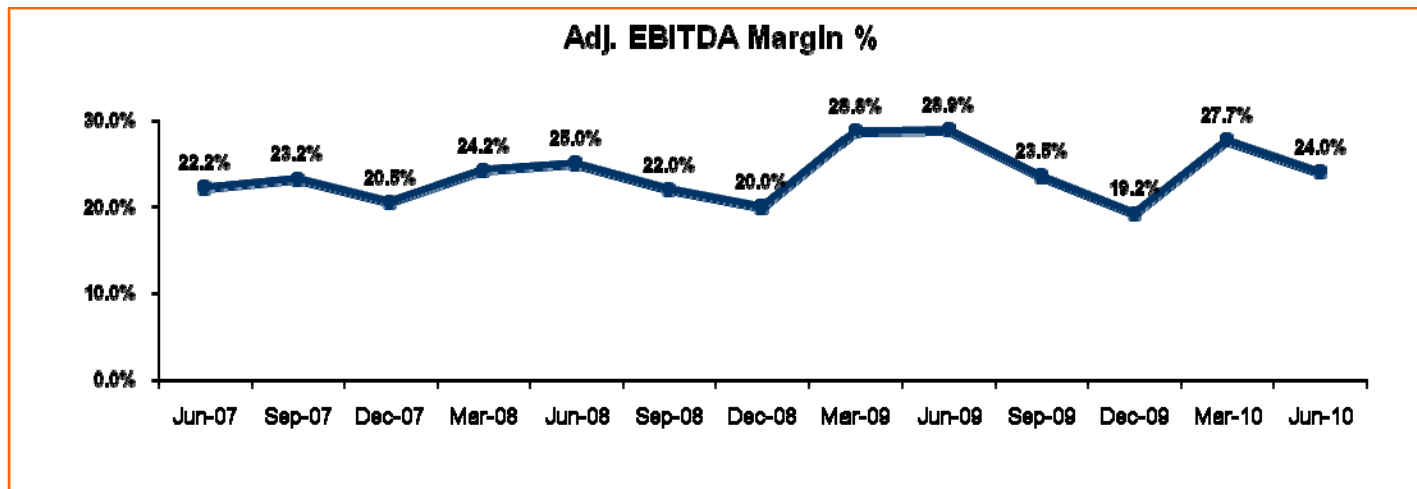
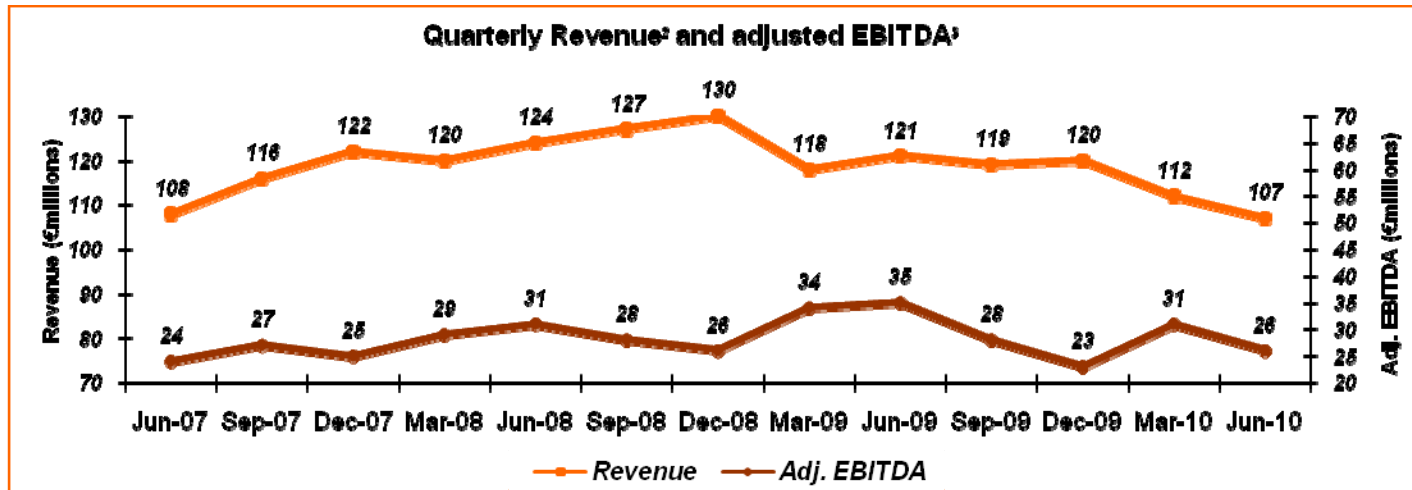
Monthly Blended Consumer Fixed Line Retail ARPU¹ per Qtr



- Fixed Line consumer Retail ARPU down just 4% in last 2 years, as lower prices are offset by higher % taking broadband

1. Line rental, voice revenues and DSL revenues divided by traffic carrying lines

MOBILE FINANCIAL TRENDS¹

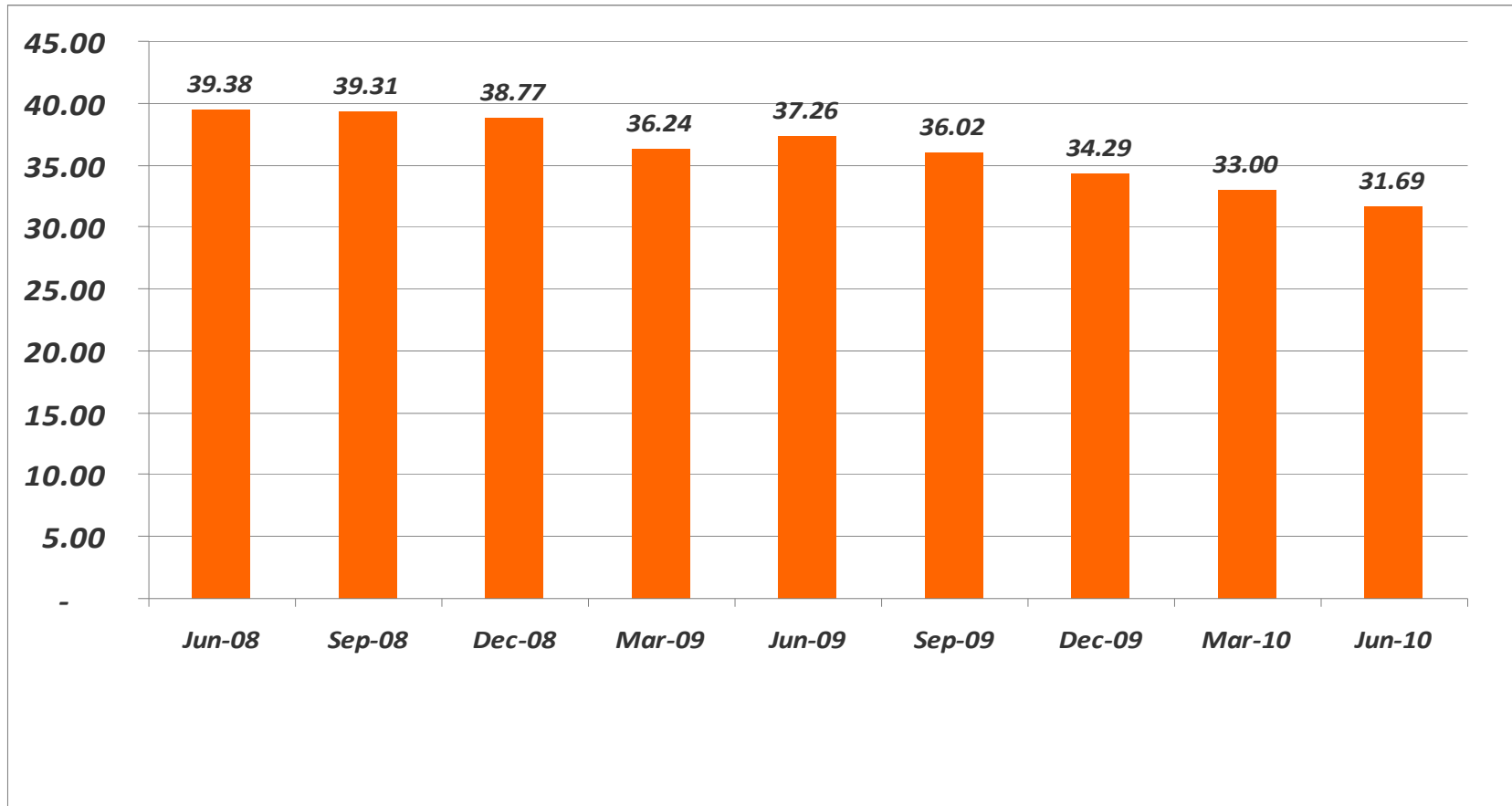


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¹ Source: unaudited eircom management accounts
² Before consolidation adjustments
³ Adjusted EBITDA after management incentive costs (SARs), including eircom Mobile

MOBILE ARPU

Downward pressure from market conditions

Monthly Blended Mobile ARPU per Qtr



- Q4 ARPU down 15% on prior year:
 - MTR reduction in April 10
 - Growing proportion of lower ARPU MBB customers in base
 - Post-pay price decreases and new value packages
 - Lower out-of-bundle usage

DEBT PROFILE

	Jun-07 €M	Jun-09 €M	Jun-10 €M	Margin %
Cash on hand (net of overdraft)¹	160	333	396	
Loan borrowings A / SPS	(630)	(460)	(373)	1.75%
Loan borrowings B	(1,250)	(1,231)	(1,228)	1.88%
Loan borrowings C	(1,250)	(1,231)	(1,229)	2.13%
Loan borrowings D	(350)	(350)	(350)	4.25%
FRNs	(350)	(350)	(350)	5.00%
Total acquisition cash pay debt	(3,830)	(3,622)	(3,530)	2.48%
Net acquisition cash pay debt²	(3,670)	(3,289)	(3,134)	
Tetra/other debt	(22)	(26)	(48)	
Net debt for ERCIF	(3,692)	(3,315)	(3,181)	
PIK Note ³	(447)	(559)	(606)	7.00%
Net debt for ERCIPE Group	(4,139)	(3,874)	(3,787)	
Accrued cashpay interest	(60)	(31)	(31)	
Net acquisition cash pay debt incl accrued interest	(3,730)	(3,320)	(3,165)	

¹ excluding €7m of restricted cash
² excluding finance leases (€1m Jun 09; €nil Mar 10), defeased leases and capitalised expenses
³ excluding accrued interest (€6m Jun 09; €6m Mar 10)

- Net total leverage* reduced to 4.70X by June 10, triggering reduction in interest margin on Tranche A
- €565m reduction in net cash pay acquisition debt** since June 2007
- Additional un-drawn revolving credit facility of €123m available for use

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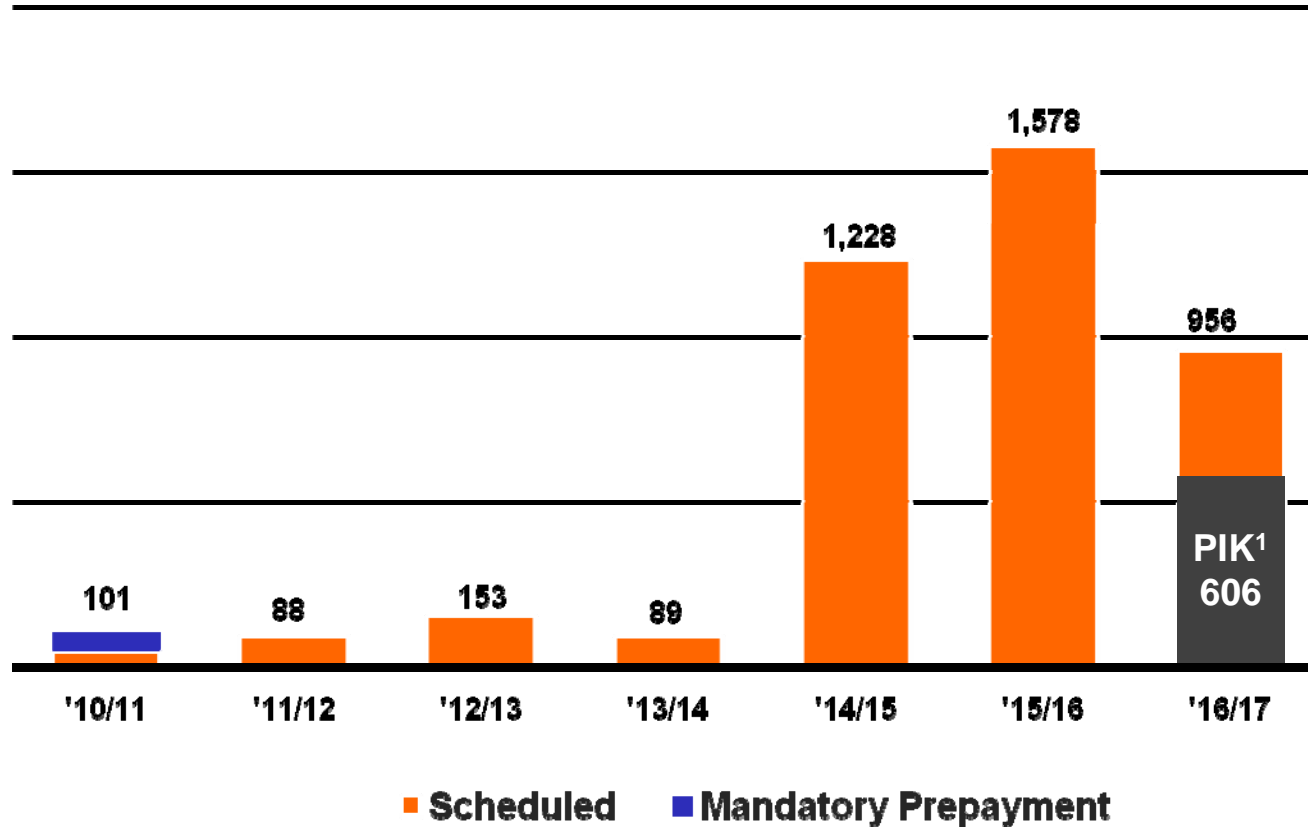
* As defined for covenants

** Including accrued interest..

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SCHEDULED DEBT REPAYMENT PROFILE

Scheduled repayments as of June 2010



- A total of €101m scheduled for repayment by June 2011 (including €57m prepayment), €431m by June 2014
- Cash balance €396m
- Cashflow after interest €136m in 2009/10

PENSIONS UPDATE - IFRS Disclosure



Defined Benefit Scheme	Jun-07 €M	Jun-08 €M	Jun-09 €M	Jun-10 €M
Value of Scheme Assets	3,258	2,746	2,201	2,470
Value of Scheme Obligations	(2,836)	(2,726)	(2,636)	(2,621)
Surplus / (Deficit)	422	20	(435)	(151)
- Recognised on the Balance Sheet	(155)	(113)	(109)	42
Current Service charge in full year P&L account	56	56	41	37
Employer contributions in full year	23	24	17	18
Main assumptions:				
- Salary increases/Pension increases	3.50%	3.50%	2.80% ¹	1.80% / 2.00% ²
- Discount rate - Liabilities	5.35%	6.25%	5.75%	5.00%
<p>(1) The assumptions at 30 June 2009 reflect the agreed pay freeze up to 30 June 2011 with the stated rate applying thereafter.</p> <p>(2) The assumptions at 31 June 2010 reflect the agreed pay freeze up to 30 June 2011, the agreed freeze on pensionable pay up to 31 December 2013 and agreed cap on pensionable pay thereafter to the lower of annual CPI, salary inflation and agreed fixed annual rates.</p>				
				Source: company information

- Good cash flow and very healthy cash balance
 - Debt service comfortably covered
- Financial covenants under Senior Facilities Agreement require net debt/EBITDA to reduce significantly in coming quarters
 - Risk of breach within 12-18 months, if no action taken
 - Positive headroom at June 2010
- Confident default can be avoided
 - Renegotiation of covenants and/or equity cure
- JP Morgan and Gleacher Shacklock advising company
 - Assessing options regarding covenants and long term financial strategy
- Driving business performance
 - Competitiveness, net debt, future growth
 - An investable proposition for shareholders

eircom:

Conclusion

- Very challenging economic and revenue environment
 - Requires continued major change in eircom
- Progress to date:
 - Shareholder stability achieved
 - Pensions tackled
 - Competitiveness being tackled: costs cut 17% in two years; including 1,531 headcount* reduction since March 2009
 - New management team and radical new organisation in place
- To come:
 - €90m further cut in labour costs
 - Balance sheet remediation
 - Faster broadband
 - eircom mobile
 - Fibre trials
 - Renewed focus on revenue generation

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