

eircom Holdings Limited

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ASX RELEASE

15 September 2009

GENERAL MEETING – CHAIRMAN’S ADDRESS AND PRESENTATION

Please see attached the Chairman’s address and presentation by the CEO, Mr Andrew Day, being made today at the General Meeting of eircom Holdings Limited (ASX:ERC).

ENDS

Further Information:

Andrew Day

Chief Executive Officer

eircom Holdings Limited

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Haydn Vella

Company Secretary

eircom Holdings Limited

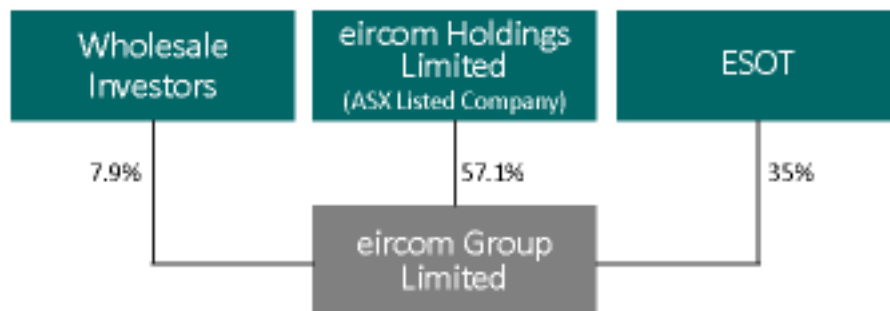
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eircom Holdings Limited

ABOUT EIRCOM HOLDINGS LIMITED

eircom Holdings Limited is listed on the Australian Securities Exchange (ASX) under the ticker ERC.

ERC holds a 57.1% interest in eircom Group Limited (eircom), Ireland's incumbent telecommunications provider. Existing and former employees of eircom hold 35% of eircom through their share ownership trust, the ESOT, and the remaining 7.9% of eircom is held by other wholesale investors.



ERC owns 100% of Golden Pages, the leading Israeli directories business with portfolio of complementary directory and search businesses operating across four distribution platforms.

ERC changed its name from Babcock & Brown Capital Limited (BCM) on 27 April 2009. ERC has been listed on the ASX since February 2005.

CHAIRMAN'S ADDRESS
eircom Holdings Limited
2009 General Meeting
11am, 15 September 2009
Museum of Sydney - Auditorium, 37 Phillip Street

Good morning ladies and gentlemen. My name is Kerry Roxburgh and, as your Chairman, I would like to welcome you to this general meeting of ERC shareholders.

Before I go any further, I would be grateful if you could all please check to see that your mobile phones have been switched off.

I have been informed that a quorum is present and accordingly, declare the meeting open.

The Notice of Meeting has been distributed and, I propose that the Notice of Meeting be taken as read.

A broad outline of today's meeting is as follows:

- I will introduce my fellow Directors and the Company Secretary to the meeting.
- As Chairman I will make some opening remarks.
- I will then invite Andrew Day, our CEO to provide a strategic update for ERC.
- We will then move to consider the formal item as outlined in the Notice of Meeting being the proposed capital return. Shareholders will be given the opportunity to ask questions after Andrew's address and again before this resolution goes to a vote.

I will now introduce to you the members of the Board:

- Mr Andrew Day ERC's Chief Executive Officer and Executive Director of the ERC Board.
- Andrew Love who is an Independent Director and also Chairman of Audit, Risk and Compliance Committee; and

I am also an Independent Director, a member of the Audit, Risk & Compliance Committee, and a member of the Nomination, Governance & Remuneration Committee.

Dr Gregory Clark who is an Independent Director and Chairman of the Nomination, Governance & Remuneration Committee is unable to attend this meeting and has sent his apologies.

Also seated at the top table is Haydn Vella, our CFO and Company Secretary.

I'd like to thank you all for attending this meeting and hope that today will provide you with useful information regarding the sale process of ERC and some certainty with regard to the capital return.

I will now hand over to Mr Andrew Day who shall provide a Strategic Update.

Thank you Mr Chairman.

Yesterday ERC advised shareholders that it had entered into a Scheme Implementation Agreement (SIA) with STT Communications Ltd (STTC) and Emerald Communications (Cayman) SPC (ECC) for ECC to acquire the entire issued capital of ERC.

The STTC Offer is proposed to be effected by way of a Court approved Scheme of Arrangement, the details of which can be found in yesterday's announcement. The Offer and estimated capital return will be equivalent to A\$1.335 per ERC share, which includes the proposed share capital return of \$0.80 per share. This represents a 20.2% premium on the closing price on 24 June 2009 of A\$1.11 and a 30.8% premium to ERC's corporate net asset value per share of \$1.02 at 30 June 2009. Also offered is a scrip alternative to allow an ongoing investment in eircom which is subject to a cap and scale back mechanism.

The ERC Board unanimously recommends the STTC Proposal in the absence of a superior proposal. This recommendation is subject to the opinion of an Independent Expert.

There will be three alternative forms of consideration available to shareholders under the Scheme of Arrangement, being either the Cash Alternative, the Scrip Alternative or the Cash and Scrip Alternative.

The Cash Alternative comprises of a capital return, estimated to be A\$0.135 plus a cash consideration of A\$0.40 per share. The Scrip Alternative is for participation in the capital reduction together with one ordinary share in the unlisted ECC for every ERC share held by an ERC shareholder. The Cash and Scrip Alternative allows for participation in the capital reduction and the Scrip Consideration for a specified percentage of ERC shares.

The proposed capital return, estimated to be A\$0.135 per share will be completed by ERC from available cash reserves estimated on completion and is subject to agreement with STTC and shareholder approval, expected to be put to shareholders at the same time as approval of the Scheme of Arrangement.

The Scrip Alternative requires shareholders to elect more than 10% of their ERC shares on issue in scrip. If shareholders elect for more than 25% of their ERC shares on issue they will be subject to a pro-rata scale back with a 25% limit. The Scrip Alternative will only be available to shareholders in Australia, New Zealand, Hong Kong and the United Kingdom. If a shareholder does not make an election, the default election will be the Cash Alternative.

The offer received from STTC comes after an extensive strategic review process spanning 18 months, in which time the following milestones have been achieved:

- Termination of management arrangements with Babcock & Brown
- If today's meeting passes the resolution, two returns of Capital of A\$1.40 per share, plus an additional estimated A\$0.135 per share on completion making an estimated total of \$1.535 per share
- CEO appointments at both ERC and eircom
- Successful resolution of a number of legacy issues
- The STTC offer which provides shareholders with an opportunity to release the current value of their investment in ERC.

Shareholders should be aware that there are a number of factors that may result in the Scheme not being implemented or in the total shareholder return not being A\$1.335, including:

- Any of the conditions precedent to the Scheme not being satisfied, including:
 - Requisite approval of ERC shareholders or the Court may not be obtained;
 - The Independent Expert concludes that the Scheme and the Capital Return are not in the best interests of ERC shareholders;
 - An event occurs that constitutes a Material Adverse Change;
 - A Prescribed Event occurs;
 - Completion of the restructure of or disposal of Golden Pages does not occur; or
- A Termination Event occurs, as itemised in Section 6 of Annexure A to yesterday's ASX Announcement, such as a material breach of the SIA by ERC, STTC or ECC; or
- The capital return estimate of 13.5 cents per ERC share changing as a result of unexpected costs and claims arising.

The ERC board encourages shareholders to seek independent professional advice before making any decision regarding their ERC investment.

I will now hand you back to Kerry Roxburgh, ERC's Independent Chairman.

Because the offer from STTC may have a bearing on your vote today, we will now take questions from the floor.

Before we move on the formal part of the meeting, I will take time explaining the rationale behind the capital return and providing some information on the key aspects.

Consistent with the desire of ERC shareholders for surplus capital to be returned, today's meeting has been convened to consider a capital return of \$134.3 million which equates to \$0.80 per ERC share.

The sole purpose of the capital return is to distribute ERC's excess cash reserves to shareholders. Over the past 18 months we have considered a range of alternative ways of returning capital to shareholders and more recently we have resolved a number of legacy issues. We have also sought and received feedback from numerous shareholders and we have made a comprehensive review of the alternatives. The Board has concluded that the return of capital has strong shareholder support because:

- the \$134.3 million to be returned essentially represents capital that has formed part of the Company's "issued capital" since its IPO in 2005. This capital was originally intended to be used for acquisitions or investments by the Company, but with subsequent economic and financial market changes it is now not required for this purpose;
- given that the Company is unlikely to consider any further acquisitions or investments in the near future, the Board believes that the return of these surplus funds to Shareholders is prudent in terms of an appropriate capital management strategy; and
- the Board considers that the Return of Capital is in the best interests of the Shareholders.

It should be noted that this vote today is independent of the STTC Offer.

I would like to clarify why this payment cannot be made as a dividend. A dividend can only be paid from current profits or retained earnings. Due to the uncertainty of the level of available profits going forward, and notably taking into consideration the impact for accounting purposes of the impairment charges, the Board is of the view that ERC will not be able to have sufficient retained profits from which to declare a dividend.

The Australian Tax Office final tax ruling on the proposed return of capital to ERC shareholders has not been received to date. The final ATO ruling will be lodged with the Australian Securities Exchange once received.

Tax advice has been received on the likely treatment of the capital return to the effect that the capital return should be treated as a reduction of cost base and that no element of the return of capital should be treated as a dividend for Australian tax purposes.

The capital return will apply equally to each shareholder in proportion to the number of shares they hold on the record date which is expected to be 23 September 2009 with payment expected on 30 September 2009 should shareholders vote in favour today.

eircom Holdings Limited General Meeting

15 September 2009

AGENDA

- Welcome
- Strategic Update
- Capital Return
- Formal Business
- Close

INTRODUCTION

Kerry Roxburgh	Independent Chairman
Andrew Day	Chief Executive Officer and Executive Director
Andrew Love	Non Executive Director
Haydn Vella	Chief Financial Officer and Company Secretary
Greg Clark	Non Executive Director is an Apology

AGENDA

- Welcome
- **Strategic Update**
- Capital Return
- Formal Business
- Close

STRATEGIC UPDATE

ERC BOARD RECOMMENDS OFFER FROM STT COMMUNICATIONS LTD

ERC has entered into a Scheme Implementation Agreement (**SIA**) with STT Communications Ltd (**STTC**) and Emerald Communications (Cayman) SPC (**ECC**), pursuant to which ECC will acquire the entire issued share capital of ERC.

DETAILS OF THE OFFER

- STTC Offer and estimated capital return equivalent to A\$1.335* per ERC share (including the proposed A\$0.80 per share capital return).
- Represents a 20.2% premium to the closing price on 24 June 2009 of A\$1.11 (the last close prior to the announcement of STTC's initial proposal).
- Represents a 30.8% premium to ERC's corporate net asset value per share of A\$1.02 at 30 June 2009.
- Scrip alternative to allow ongoing investment in eircom (subject to a cap and scale back mechanism).
- Unanimously recommended by ERC Directors in the absence of a superior proposal and subject to the opinion of an Independent Expert.

* Final amount to be specified in Scheme Booklet that is expected to be sent to ERC shareholders in November 2009.

STRATEGIC UPDATE

ALTERNATIVES AVAILABLE UNDER THE OFFER

Under the STTC Proposal announced yesterday shareholders will have a choice of **three alternative forms of consideration**, namely:

- 1) **Cash Alternative:** capital return currently estimated at A\$0.135*, plus cash consideration of A\$0.40 for each ERC share; or
- 2) **Scrip Alternative:** participation in the capital return and one ordinary share in ECC for every ERC share held by an ERC shareholder; or
- 3) **Cash and Scrip Alternative:** participation in the capital return and the Scrip Alternative for a specified percentage of ERC shares and the Cash Alternative for the remainder

* Final amount to be specified in Scheme Booklet that is expected to be sent to ERC shareholders in November 2009.

STRATEGIC UPDATE

Capital Return

- The capital return of an estimated A\$0.135* per share will be completed by ERC from available cash reserves estimated on completion.
- The capital return amount agreed with STTC will be subject to shareholder approval and will be put to shareholders at the same time as the approval of the Scheme.

Scrip Alternative

- If ERC shareholders who elect scrip account for <10% of ERC shares on issue, shareholders will be deemed to have elected the Cash Alternative and no Scrip Consideration will be offered.
- If ERC shareholders who elect scrip account for >25% of ERC Shares on issue, shareholders will be subject to a pro-rata scale back with a 25% limit on the number of shares to be issued.
- The Scrip Alternative will only be available to shareholders resident in Australia, New Zealand, Hong Kong and United Kingdom.
- In the event that an ERC shareholder fails to make an election, the default election is for the Cash Alternative.

* Final amount to be specified in Scheme Booklet that is expected to be sent to ERC shareholders in November 2009.

STRATEGIC UPDATE

STRATEGIC MILESTONES

Today's offer from STTC comes after an extensive strategic review process spanning approximately 18 months.

In this time the following milestones have been achieved;

- Termination of the management arrangements with Babcock & Brown
- Return of capital of A\$1.40 per share, plus an additional estimated A\$0.135* per share on completion. Total of A\$1.535 per share
- CEO appointments at ERC and eircom
- Successful resolution of a number of legacy issues
- The STTC offer provides shareholders with an opportunity to realise the current value of their investment in ERC.

* Final amount to be specified in Scheme Booklet that is expected to be sent to ERC shareholders in November 2009.

STRATEGIC UPDATE

RISKS OF THE OFFER

ERC shareholders should be aware that there are a number of factors that may result in this Scheme not being implemented or in the total shareholder return not being A\$1.335, a number of which are outside the control of ERC. These factors include;

- Any of the conditions precedent to the Scheme not being satisfied, including:
 - Requisite approval of ERC shareholders or the Court may not be obtained;
 - The Independent Expert concludes that the Scheme and the Capital Return are not in the best interests of ERC shareholders;
 - An event occurs that constitutes a Material Adverse Change;
 - A Prescribed Event occurs;
 - Completion of the restructure of or disposal of Golden Pages does not occur; or
- A Termination Event occurs, as itemised in Section 6 of Annexure A to yesterday's ASX Announcement, such as a material breach of the SIA by ERC, STTC or ECC; or
- The capital return estimate of 13.5 cents per ERC share changing as a result of unexpected costs and claims arising.

The ERC Board encourages ERC shareholders to seek independent professional advice before making any investment decision in relation to their ERC shares.

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- Welcome
- Strategic Update
- **Capital Return**
- Formal Business
- Close

CAPITAL RETURN

Purpose	<ul style="list-style-type: none">• Distribute Company's excess cash reserves to Shareholders
Rationale	<ul style="list-style-type: none">• Capital initially intended for acquisitions or investments but due to economic and financial market changes is now not required for this purpose• As no further acquisitions or investments are anticipated, return of surplus funds to Shareholders deemed prudent in terms of appropriate capital management strategy• Return of capital considered in best interests of Shareholders
Cash Reserve Retention	<ul style="list-style-type: none">• Balance of cash reserves will be distributed as part of third capital return, but only in the event the STTC proposal is implemented; or• Alternatively if the STTC Offer does not proceed, it will be retained within the business to operate the Company.

CAPITAL RETURN

Proposed Amount	<ul style="list-style-type: none"> • A\$134.3m (80 cents per share) proposed
Tax Implications	<ul style="list-style-type: none"> • The ATO final tax ruling has not been received prior to this meeting • Tax advice has been received on the likely treatment of the capital return i.e. <ul style="list-style-type: none"> - Capital return treated as reduction of cost base (by shareholders who own their shares at Record Date and continue to own at Payment date) - No element of return of capital treated as a dividend for Australian tax purposes • Shareholders should consult their own tax adviser in order to take into consideration their particular circumstances • The ATO final tax ruling will be lodged with the Australian Securities Exchange as soon as it is received.
Timetable	<ul style="list-style-type: none"> • Shareholders' Meeting to approve the return of capital 15 Sept 09 • Shares trade on "ex" return of capital basis 17 Sept 09 • Record date for determining entitlements to participate in the return of capital 23 Sept 09 • Return of capital payment date 30 Sept 09

AGENDA

- Welcome
- Strategic Update
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- **Formal Business**
- Close

ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of section 256C(1) of the Corporations Act, approval be given for the share capital of the Company to be reduced by returning to the persons who are registered as the holders of fully paid ordinary shares in the Company on the Record Date such amount representing 80 cents per fully paid ordinary share registered in their name aggregating approximately \$134,300,000.”

AGENDA

- Welcome
- Capital Return
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- Close

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